Cyclopharm Limited
Appendix 4E

1. Company details

Name of entity

CYCLOPHARM LIMITED

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
74 116 931 250	31 December 2022	31 December 2021

2. Results for announcement to the market

2.1 Revenues from ordinary activities	up	31.1%	to	23,218,797
2.2 Loss from ordinary activities after tax attributable to members	up	31.2%	to	(6,611,515)
2.3 Net Loss for the period attributable to members	up	31.2%	to	(6,611,515)

2.4 Dividends	Amount per security	Franked amount per security
Final dividend proposed	0.5 cent	0.0 cent
Interim dividend - 2022	0.5 cent	0.0 cent

The Directors have resolved to pay a final unfranked dividend in respect of the financial year ended 31 December 2022 of 0.5 cent per share payable on 4 April 2023. An unfranked interim dividend in respect of the financial year ended 31 December 2022 was paid on 12 September 2022.

Ex-dividend date	Monday, 27 March 2023
Record date for determining entitlements to the final dividend	Tuesday, 28 March 2023
Payment date	Tuesday, 4 April 2023

2.5 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

Key features of Cyclopharm's financial results for the 2022 year included:

- Record Group Sales revenue of $23.22 million, up 31.1% on the prior comparable period (pcp)
- Technegas™ sales increased by 4.1% to $13.66 million
- Third party distribution revenue $9.22 million, more than double FY2021 revenue
- Technegas™ at final stage of USFDA approval process, on track, as previously advised, to submit its Complete Response Letter (CLR) reply in coming weeks, followed by an expected six-month formal submission review by the USFDA.
- FDA approval expected in 2023, with significant commercialisation preparation progress achieved for rapid US rollout.
- All regulatory renewals in existing markets under MDR and MDSAP achieved
- Strong Balance Sheet to fully fund growth strategy - $20.30 million net cash
- Received R&D tax incentive payment of $1.64 million in November 2022
- Continued progress in developing new, 'Beyond PE', clinical applications providing significant, long term growth opportunities for Technegas™
- Final dividend maintained at 0.5 cents per share (cps), bringing total unfranked dividends for 2022 to 1.0 cps
- Expanded Board with the appointment of Mr. Kevin Barrow and Professor Gregory King as Non-Executive Directors

Further information is included in Attachment 1.

Cyclopharm Limited
Appendix 4E

3. Statement of financial performance
Refer Attachment 1.
4. Statement of financial position
Refer Attachment 1.
5. Statement of cash flows
Refer Attachment 1.
6. Statement of retained earnings
Refer Attachment 1.
7. Dividends
Refer paragraph 2.4
8. Dividend reinvestment plans
The Group does not have a dividend reinvestment plan.
9. Net tangible assets
Refer Attachment 1.

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10. Entities over which control has been gained or lost during the period

Control over entities

Name of entity (or group of entities)	Refer Attachment 1.

Loss of control over entities

Name of entity (or group of entities)	Refer Attachment 1.

11. Details of associates and joint venture entities

Refer Attachment 1.

12. Significant Information

Refer Attachment 1.

13. Foreign Entities

Refer Attachment 1.

14. Commentary on results for the period

Refer Attachment 1.

15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.

The accounts are in the process of being audited.

16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

The accounts are unlikely to be subject to dispute or qualification.

17. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

Not applicable

Contact details:

Mr James McBrayer
Managing Director and Company Secretary
Cyclopharm Limited

Phone: 61 (0) 418 967 073
Email: jmcbrayer@cyclopharm.com.au

Appendix 4E
Preliminary Final Report
For the year ended 31 December 2022

cyclopharm

Cyclopharm Limited and its Controlled Entities
ABN 74 116 931 250

Managing Director's Report

MANAGING DIRECTOR'S REVIEW

Key features of Cyclopharm's financial results for the 2022 year include:

- **Record Group Sales revenue of $23.22 million, up 31.1% on the prior comparable period (pcp)**
- **Technegas™ sales increased by 4.1% to $13.66 million**
- **Third party distribution revenue $9.22 million, more than double FY2021 revenue**
- **Technegas™ at final stage of USFDA approval process, on track, as previously advised, to submit its Complete Response Letter (CLR) reply in coming weeks, followed by an expected six-month formal submission review by the USFDA.**
- **FDA approval expected in 2023, with significant commercialisation preparation progress achieved for rapid US rollout.**
- **All regulatory renewals in existing markets under MDR[1] and MDSAP[2] achieved**
- **Strong Balance Sheet to fully fund growth strategy - $20.30 million net cash**
- **R&D tax incentive payment of $1.64 million received in November 2022**
- **Continued progress in developing new, 'Beyond PE', clinical applications providing significant, long term growth opportunities for Technegas™**
- **Final dividend maintained at 0.5 cents per share (cps), bringing total unfranked dividends for 2022 to 1.0 cps**
- **Expanded Board with the appointment of Mr. Kevin Barrow and Professor Gregory King as Non-Executive Directors**

Dear Shareholders,

Cyclopharm delivered another solid financial performance in 2022 and continues to make progress on the execution of all of our four major growth objectives:

- ✓ **Grow Technegas™ sales**
- ✓ **Expand the use of Technegas™**
- ✓ **Leverage core strengths to continue to accelerate our third-party distribution business**
- ✓ **Identify, develop and commercialise complementary innovative technology**

Against these objectives, during 2022, Cyclopharm continued to deliver record revenue performance and made significant progress towards United States Food and Drug Administration (USFDA) approval to commence US sales in 2023 of Technegas™, our core proprietary technology used in functional lung imaging.

Whilst actively progressing USFDA approval, the company continued to invest in further R&D and support of clinicians to expand the use of Technegas™ in new diagnostic applications as part of our 'Beyond PE' initiatives. Our core Technegas™ products are now available in 64 countries, with 7 of our offices directly servicing 17 out of those countries. Cyclopharm will continue to leverage our expanding global footprint, regulatory expertise and direct marketing capabilities to grow global Technegas™ sales and to continue the rapid expansion of our successful third-party distribution partnerships business.

[1] MDR- Medical Device Regulation – The recently implemented European Union regulatory framework for Medical Devices in support of CE accreditation

[2] Medical Device Single Audit Program – A single audit regulatory framework that allows medical device manufacturers a compliance pathway for participating countries. Current country participants include Australia, Brazil, Canada, Japan and the United States

Managing Director's Report
Continued

FINANCIAL PERFORMANCE

Despite the impact of residual effects of the COVID-19 pandemic and global supply chain disruptions, Cyclopharm generated record total sales revenues in 2022 of $23.22 million, up from $17.70 million on the prior year. Revenue from sales of Technegas™ generators and Patient Administration Set (PAS) consumables remained robust, attaining pre-COVID levels for the first time since the pandemic's onset, with unit sales of each exceeding those of 2021. This was achieved despite the global shortage of the isotope used to manufacture Technegas impacting the final quarter of 2022.

Technegas™ service revenue declined over the period, with generator servicing being affected by travel and access restrictions associated with COVID-19 in early 2022 and the gradual rebound in patient procedures. Nevertheless, consumable revenue continued to return towards pre-pandemic levels, increasing by just over 5% year on year, from $9.54 million to $10.04 million.

Cyclopharm continued to secure new third-party distribution agreements in 2023, providing a growing complementary source of revenue and profits. Our Asia-Pacific third-party distribution business delivered a surge in revenues to $4.16 million compared with $1.09 million in 2021, which was the first year we distributed third-party products in the Asia-Pacific region. In addition, earnings from our third-party distribution in Europe, which launched in 2020, grew to $4.92 million, up from $2.92 million in 2021. This growth has underpinned our revenue diversification strategy and during the year helped to offset the lingering impact of the pandemic and the isotope shortage in the closing months of 2022. Third-party distribution consists of a mix of radiopharmaceuticals, capital equipment and associated consumables. Cyclopharm expects to continue to expand this revenue stream through a wider range of third-party partnerships to a broader geographic reach in the coming year.

As anticipated, Cyclopharm recorded a loss after tax of $6.61 million, compared to $5.04 million in 2021. This figure included $2.97 million of expenses associated with the USFDA approval process in 2022. In total, $19.24 million has been expensed on the current USFDA approval process over the past 9 years, which reflects the Board's confidence in the anticipated returns from Technegas™ sales in the USA market. The net loss before tax of approximately $6.03 million in 2022, is up 38% from $4.35 million in 2021. This increase includes $0.95 million of legal costs from ongoing strategies to actively protect Cyclopharm's commercial interests in Europe and Australia. Staffing costs have also increased over the period by $0.31 million predominantly driven by the increasing costs of global regulatory compliance and USFDA readiness.

The results were further impacted by a significant increase in distribution costs. Distribution costs of $2.38 million were recorded in 2022, up from $0.72 million in 2021. This significant increase is the combined result of the pleasing growth in the distribution of third-party products and the negative impact the pandemic has had on manufacturing, distribution and logistics globally. Over the past few months, the Company has started to see some encouraging cost-base improvements in product movement as worldwide supply chains continue to recover.

Cyclopharm ended the financial year with a strong balance sheet and a cash balance of approximately $20.30 million, reflecting prudent expense and capital management supported by ongoing operational cashflows. This cash balance ensures the Company remains appropriately capitalised to fund its ongoing USFDA approval process, the anticipated launch of Technegas™ into the US market, R&D activities and working capital to fund continuing organic growth.

Cyclopharm received a Research and Development Tax incentive payment for the 2022 financial year of $1.64 million from the Australian Taxation Office in November 2022 (vs $2.3 million in 2021). Based on ongoing and planned research and development activities, Cyclopharm expects to receive an R&D tax incentive in respect of the 2023 financial year. The exact amount of any

future R&D tax incentive is subject to the nature, timing and value of R&D activities undertaken each year, elements of which are outside of the Company's control.

OPERATIONS AND STRATEGY DELIVERABLES

During the year to 31 December 2022, we continued to successfully execute the Company's growth strategy of leveraging its significant intellectual property, technology and technical expertise to broaden sales and service into new countries and expanding end-use product applications and complementary businesses. While COVID-19 continued to interrupt many customers' activities, Cyclopharm continued to prioritise employee safety and welfare while executing our growth strategies.

Operating highlights for the year included:

- Cyclopharm is on track to finalise and submit its reply to the USFDA Complete Response Letter (CLR) in coming weeks, followed by a six-month formal submission review.
- USFDA application to market and distribute Technegas™ in the United States is on track for final decision in 2023 with a rapid roll out of Technegas™ in the US thereafter.
- Preparation for US commercialisation, including personnel training and inventory build, is well advanced and continuing.
- Strong support for Technegas™ continues to be expressed from frontline US healthcare workers and clinicians based on superior clinical outcomes, operational efficiencies and an unprecedented safety profile.
- Continuation of pilot clinical trials targeting new applications for Technegas™ in chronic respiratory disease states and long-COVID-19, COPD, asthma and lung cancer.
- Technegas™ procedures continue to rebound following the impact from COVID-19 to pre-pandemic levels.
- The appointments of Mr. Kevin Barrow and Professor Gregory King, as Non-Executive Directors of Cyclopharm significantly enhances the skillset of the Board and positions the Company for the next phase of growth.

EXPAND TECHNEGAS™ REVENUES

Technegas™ sales grew by 4.1% to $13.66 million, matching pre-pandemic levels.

3,347 PAS sets were sold, which is 268 more than the previous year. PAS sets sold increased solidly in our established markets of Europe and Canada, up 4% and 12% respectively. A decline in sales was recorded in Australia/NZ with other markets such as China (80 sets) and South Africa (60 sets) making a valuable contribution to the total. All other markets recorded gains in sales.

Canada remains the largest country market by volume with 923 PAS boxes sold, followed by France with 700 PAS boxes sold. In total 76 Technegas™ Generators were sold compared to 57 sold in 2021. Europe, excluding France and Germany, accounted for 24 generators followed by 15 generator sales in Australia and New Zealand and 14 in Canada.

Sales of generators and other service revenue represented 27.0% of Technegas™ total revenue, down from 27.8% in 2021. The decrease was primarily a result of the relative strength of PAS sales over the period and some lag effects from the COVID-19 disruption.

Sales of Patient Administration Sets (PAS) represented 73.0% of Technegas™ revenue (72.2% in FY21). Each box of PAS is equal to 50 patient doses of Technegas™. Cyclopharm sold 3,347 PAS boxes (167,350 patient doses) in 2022 up 8.7% from 3,079 in 2021. In comparison, PAS Revenue was up 5.3%. The Group's sales of PAS units, although effectively normalised by year

end, were still impacted from the residual effect of the COVID-19 pandemic throughout the year, through a reduction in diagnostic procedures.

The Technegas™ division benefited significantly from the more than doubling of third-party distribution revenues to $9.08 million. Third-party revenue was driven by a strong performance in Europe and exceptional growth in the Asia-Pacific.

Regional review

Europe was the best performing region in 2022, in terms of revenue, delivering sales of $12.49 million, up 9% on 2021. The European result benefited from $4.97 million of third-party distribution revenues, a 66% increase on the prior year. Underlying sales of Technegas™ products and services in Europe declined 12% to $7.52 million, driven by slightly weaker Generator and Service revenue, largely offset by stronger PAS sales across the board. In total 1,677 PAS were sold in Europe in 2022, up from 1,609 in 2021 and 31 generators were sold in 2022, down from 37 in 2021. PAS sales were down 8% in France, down 7% in Germany but up 3% in the rest of Europe, reflecting the uneven recovery in imaging services flowing from the COVID-19 pandemic.

The Asia-Pacific region recorded a substantial rise in revenues, up 119%, from $3.26 million in 2021 to $7.13 million in 2022, primarily driven by a significant increase in third-party sales. Notwithstanding the strength in third-party sales revenue, Generator sales across the Asia- Pacific region were also strong at 29 units in 2022. Generator sales in Asia rose from 6 units in 2021 to 14 units in 2022. Australia/NZ unit sales lifted to 15 units in 2022 compared to 4 units in 2021. Asia-Pacific PAS sales of 609 in 2022 were up 4% from 588 in 2021. The residual impact of COVID-19 in suppressing the number of diagnostic procedures across the Asia-Pacific is starting to reverse, albeit modestly. The gradual resumption of non-urgent elective surgery in these markets is also providing a catalyst for the expectation of a continuing recovery in 2023.

Canada reported a solid recovery in sales of $2.96 million in 2022, up 21% compared to sales of $2.44 million in 2021. Canada saw generator sales rise by 5 to 14 in 2022 due to continuing market share penetration and PAS sales grew by 12% to 923 reflecting the reduced impact of COVID-19 and the strong market position in that jurisdiction.

Revenue in South Africa and Latin America continued to deliver a modest, but growing, contribution to overall group sales revenue, with year-on-year growth up 233% to $0.30 million. In Latin America PAS sales were up 77% to 78 in 2022, however, there were no generator sales. In South Africa PAS sales rose strongly, up 275% to 60 in 2022 and there were 2 generators sold, up from 1 in 2021.

SALES BY REGION ($MILLIONS)	2019	2020	2021	2022	CHANGE 2021 TO 2022
Technegas™ - Canada	2.55	1.76	2.44	2.96	21%
Technegas™ - Europe	8.74	8.27	8.51	7.52	(12%)
Technegas™ - APAC Pacific	2.35	2.26	2.17	2.98	38%
Technegas™ - Rest of World	0.44	0.06	0.09	0.30	233%
3RD Party sales - Europe	0	2.17	3.00	4.97	66%
3RD Party sales - APAC	0	0	1.10	4.15	277%
Total	**14.08**	**14.52**	**17.31**	**22.88**	**32%**

USFDA APPROVAL PROCESS

Cyclopharm continues to progress toward attaining USFDA approval to commence commercial sales of Technegas™ in the US market in 2023.

The US market represents an opportunity for Cyclopharm to significantly increase sales of our Technegas™ product suite. The impact of the COVID-19 pandemic in the USA has been a catalyst for expressions of support for Technegas™ to include a request for Fast Track Approval of the technology from US medical professionals along with hundreds of formal expressions of interest. This high level of support reinforces the Board's expectation there will be strong initial demand for Technegas™ following USFDA approval.

Entry into the US market will also accelerate opportunities to explore the expansion of the use of Technegas™ into the treatment and management of additional and much larger indications, such as COPD, asthma and Long-COVID.

In April 2021, the USFDA conducted a site inspection of the Company's Kingsgrove facility. As part of the inspection process, the Company is required to provide bimonthly updates. To date there has been twelve submissions to the USFDA delivering objective evidence highlighting the progress the company has made in response to the inspection. Some of the more substantial initiatives have included a facility upgrade to an ISO 8 standard and the extraction and recording of real-time data from bespoke legacy manufacturing equipment. These bimonthly updates will continue until US approval is received.

As previously disclosed, in June 2021 Cyclopharm received a Complete Response Letter (CLR) from the USFDA. The letter outlined a definitive list of items and recommendations that are required to be addressed prior to granting approval for commercial sales of Technegas™ in the US market. The additional information request from the USFDA does not relate to the demonstrated efficacy and safety of Technegas™.

As earlier advised, the Company met with the USFDA in late January 2022 to seek additional guidance and clarification for items listed in the CRL. Despite experiencing some impediments, most notably delays in securing critical instrumentation early in 2022 and a global shortage of the isotope used to produce Technegas™ at the end of 2022, Cyclopharm has overcome these obstacles and is in the final stage of compiling its reply to the CRL with submission expected in the coming weeks. The Company remains confident of commencing sales in the US market in 2023 following the lodgement of Cyclopharm's reply to the Complete Response Letter and FDA's stated six-month formal submission review process.

US MARKET ENTRY AND SALES MODEL

Cyclopharm continued to undertake numerous activities to ensure it is well placed to rapidly commercialise Technegas™ in the USA once USFDA approval has been achieved. These activities include building inventory reserves by $2.78 million to $8.29 million at December 2022. In addition Cyclopharm is pursuing agreements for third-party distribution, service and installation, and administrative support for Technegas™ in the US market.

It is very important to emphasize that reimbursement for Technegas™ is based on established nuclear medicine procedures that are agnostic to the approved agents being used. Therefore, Technegas™ will be reimbursable utilising existing procedural codes.

The initial existing market for nuclear medicine ventilation imaging in the USA for pulmonary embolism alone is estimated to be approximately US$180 million annually and the Company will be active in two stages. The first stage is the current addressable market of US$90 million,

representing approximately 600,000 individual procedures. Based on Cyclopharm's experience in the Canadian market, it remains confident that Technegas™ can achieve a 50% share of the USA market over 2 to 3 years, post US market entry, with an 80% share representing around 480,000 procedures per annum achievable over a 5 to 7-year period.

The second stage of converting the US$180 million market is through increasing the pulmonary embolism diagnostic market imaged through nuclear medicine from 15% to 30%. In the USA, 85% of all imaging to rule out PE is performed with CTPA. Based on global experience, the unique properties of Technegas™ and the reliability of imaging outcomes enabled by our product, it is projected that the USA nuclear medicine market will adopt the 3-D imaging technique referred to as Single Photon Emission Tomography (SPECT) as opposed to the current 2-D imaging or Planar Imaging. SPECT imaging provides superior outcomes to both Planar and CTPA in the diagnosis of PE.

REGULATORY APPROVAL IN EXISTING MARKETS ACHIEVED

Cyclopharm is pleased to advise that during 2022 the Company renewed its Technegas™ CE mark under the updated European Medical Device (MDR) Regulations. This achievement demonstrates Technegas™ conforms to rigorous European health and safety standards and may continue to be sold freely in any part of the European Economic Area.

In addition, during 2022 Cyclopharm renewed licensing under the Medical Device Single Audit Process (MDSAP) for participating countries to include Canada, Australia, Brazil, Japan and the USA.

BEYOND PE – SUBSTANTIALLY EXPANDING THE USE OF TECHNEGAS™

Cyclopharm is confident that the extension of Technegas™ into new applications such as the diagnosis and monitoring of COPD, asthma, Long-COVID, lung cancer and other respiratory disease states will create substantive opportunities globally to exponentially expand the market for Technegas™ beyond its traditional PE market. In 2022 we invested $0.15 million in Beyond PE trials, which follows on from $0.21 million invested in 2021.

Technegas™ remains the recognised functional ventilation imaging agent used in diagnosing Pulmonary Embolism as referenced in both the recently published Canadian Association of Nuclear Medicine Guidelines[3] and the updated 2019 European Association of Nuclear Medicine Guidelines[4]. Both guidelines reinforce the superior use of Technegas™ particularly in patients with COPD and the potential for nuclear medicine imaging.

Cyclopharm estimates the global COPD market alone is approximately 30 times the size of the PE market and over 500 million patients suffering with COPD and Asthma could benefit from the use of Technegas™ in diagnosis and ongoing patient monitoring/management. These markets represent significant opportunities to expand sales of Technegas™ and drive shareholder value over the medium term.

As part of its Beyond PE initiatives Cyclopharm continues to sponsor several clinical trials that investigate new applications for Technegas™. The Beyond PE trials were impacted by COVID-19, particularly during 2020-2021, with a reduction in the rate of patient recruitment. Those conditions eased during the course of 2022 as patient recruitment recommenced. The diagnosis

[3] Leblanc et. Al. CANM Guidelines for Ventilation/Perfusion (V/P SPECT) In Pulmonary Embolism. November 2018

[4] Bajc et. Al. EANM guideline for ventilation/perfusion single-photon emission computed tomography (SPECT) for diagnosis of pulmonary embolism and beyond. European Journal of Nuclear Medicine and Molecular Imaging. July 2019. https://doi.org/10.1007/s00259-019-04450-0

and monitoring of COPD, asthma and other respiratory disease states, are all being considered. Those 6 clinical trials are listed below:

Study	Indication	Status
Hunter Medical Research Institute (Newcastle, AU)	100 Patient Study into the diagnosis and response to therapy in severe asthma and COPD[5]	• Imaging Analysis Underway • Case Study Published • Data analysis underway • Targeting presentation of data at the ERS Sept 2023 Annual Conference
Woolcock Institute (Sydney, AU)	Diagnosis and response therapy in mild to moderate COPD[6]	• 25 Patient / 75 Scan Protocol • 19 Patients enrolled • 73% Total Protocol Scans Completed
CHUM (Montreal, CA)	Early detection of COPD in asymptomatic smokers[7]	• 30 Patient Study • 100% Recruited • Analysis complete • Manuscript at final review stage
Dalhousie (Halifax, CA)	Post-lung transplant patients	• 30 Patient Study • 30% Recruited • Recruitment has resumed following a COVID-19 hold
McMaster University Firestone Institute (Hamilton, CA)	Ventilation in lung cancer patients pre and post lung resection[8]	• 58 Patients (116 scans) • 100% Recruited • Abstract presented at American Thoracic Society May 2022 • Manuscript submitted for publication • Abstract submitted for ISMRM & ISMRT June 2023 Annual Conference
McMaster University Firestone Institute (Hamilton, CA)	COVID-19 Related Lung Ventilation and Perfusion Injury[9]	• 42 patients (84 scans) • Recruitment to close • Manuscript being drafted • Abstract presented at the American Thoracic Society May 2022 • Abstract submitted for ATS May 2023 Annual Conference

During 2022 the Company continued to receive enquiries from clinical sites in the USA who were interested in conducting additional trials on Technegas™, including applications associated with patients who had contracted COVID-19. Advancing these initiatives could expand the use of Technegas™ by improving the management of patients with COPD; other small airways diseases and those who are recovering from Long-COVID.

[5] ACTRN12617001275358 - Can functional lung ventilation imaging identify treatable traits in obstructive airway disease?

[6] http://investor.cyclopharm.com/site/PDF/1561_0/BetterDefiningAirwaysDiseasewithTechnegas

[7] https://ichgcp.net/clinical-trials-registry/NCT03728712

[8] https://clinicaltrials.gov/ct2/show/NCT04191174?term=technegas&draw=2&rank=3

[9] https://clinicaltrials.gov/ct2/show/NCT04549636

OTHER BUSINESSES

Third-party distribution

Cyclopharm has leveraged its regulatory expertise and operational footprint to establish a third-party distribution business that is delivering exceptional growth. The Company entered into third-party distribution agreements for Europe in 2020, followed by agreements in the Asia Pacific region in 2021. In 2022, the third-party distribution business more than doubled its revenue contribution in 2022 at solid, albeit lower, margins than Cyclopharm's proprietary Technegas™ products.

These complementary third-party revenue streams supported Cyclopharm's overall revenue performance in 2020 and 2021, which were the years when the COVID pandemic had its most profound impact on our Technegas™ business. The continued and substantial growth of the Company's third-party distribution business in 2022 demonstrates that it is now delivering a material contribution to the overall business.

Third-party revenue is a combination of capital works projects and ongoing sales from consumables and related service support. Of the total $9.1 million third-party revenues generated in 2022, capital works projects equalled $2.4 million with the ongoing revenues of associated with recurring consumable sales and service equating to $ 6.7 million.

These growing third-party partnerships continue to reinforce the Company's strategy of pursuing additional and complementary revenue streams. Initially introduced to leverage off of our Technegas sales and service infrastructure, this initiative is now providing a material contribution to the Company's earnings and revenue and is emerging as a core part of the business.

COMMERCIALISING NEW TECHNOLOGIES - ULTRALUTE™

Cyclopharm's proprietary Ultralute™ technology extends the useful life of Molybdenum-99 (Mo-99) generators by up to 50%, improves operating efficiencies in nuclear medicine departments and can lead to better health outcomes for patients.

Changes to Medical Device Regulations in the European Union (EU) required recertification of existing medical devices against more onerous standards. This process has dramatically slowed the introduction of new products into the EU with the result that the registration of Ultralute™ in Europe was not completed in 2022, and consequently there were no revenues from the sale of Ultralute™.

Cyclopharm is engaging regulatory partners in Europe to progress this initiative.

MACQUARIE MEDICAL IMAGING

Cyclopharm continues to maintain its 20% equity ownership in Macquarie Medical Imaging (MMI). It is anticipated that MMI will be de-registered upon the finalisation of its accounts payable and receivables.

Cyclotek NSW Pty Ltd

During the year, Cyclotek NSW Pty Ltd made a $0.34 million positive contribution to the Group's results. Cyclotek NSW Pty Ltd is a collaboration between Cyclopharm, Cyclotek (Aust) Pty Ltd and the Australian Nuclear Science and Technical Organisation (ANSTO') set up in part to realise

the inherent value of Cyclopharm's legacy Cyclotron assets both to generate profits and contribute to enhanced health outcomes for the Australian community.

Cyclotek NSW Pty was formed as a joint venture in late 2019, with Cyclopharm required to contribute $40k per annum, over a period of 9 years, to fund the ongoing research activities of Cyclotek NSW in exchange for a share of profits from the business venture collaboration.

Ongoing Litigation

Throughout 2022 Cyclopharm continued to defend its valuable Intellectual Property vigorously and successfully. In 2019, the Company successfully brought an initial civil case against its former employee in the German market, Mr Bjorn Altmann and Almedis Altmann GmbH ("Almedis").

A further judgement totalling approximately €0.4 million in favour of Cyclopharm was handed down in Germany against Mr Altmann in December 2022. Given the timing of receipt of the official judgment and further consequential court actions required to be taken in January 2023 to enable enforcement of the judgment award, this favourable outcome is an event subsequent to the close of 2022 financials. As a consequence, the financial benefit will be recorded in 2023. To date €0.3 million has been collected and the Company is aggressively pursuing the remaining balance.

Litigation expenses were $0.95 million in 2022 compared to $1.09 million in 2021. The Company continues to defend its intellectual property in German and Australian courts, good progress is being made to resolve each matter, and the Company is confident that legal proceedings will conclude in 2023.

Corporate Governance

In line with good corporate governance practices, Cyclopharm's Board continually evaluates its skills and composition to ensure they appropriately support the Company's growth and governance requirements.

In September 2022, the Board appointed Mr. Kevin Barrow and Professor Gregory King as a Non-Executive directors. Dr. King is a world-renowned respiratory physiologist who brings over 25 years' experience as a clinician, educator and researcher to the Cyclopharm Board. Mr. Barrow brings to Cyclopharm more than 20 years of experience in the healthcare industry, which includes numerous governance and senior executive roles in both the pharmaceutical and diagnostic imaging equipment sectors.

Leadership Team

Cyclopharm's focus on its strategic pillars has allowed the Company to grow and secure a talented team in readiness for USFDA approval for Technegas™. Approval in the US market will create both a step change in the business' financial and operational performance as well as mark a new phase in the growth of the business.

The breadth and depth of experience and the integration of complementary skills across the Cyclopharm management team, which we have put in place, developed and refined over the past several years, ensures that we are well positioned to rapidly take advantage of entry into the US market and the opportunities that will naturally flow from our Beyond PE initiatives.

Managing Director's Report
Continued

SUMMARY AND OUTLOOK

Cyclopharm has again proved the resilience of the business by delivering another record revenue performance in 2022 despite the latent effects of the COVID-19 pandemic which impacted the level of patient procedures across the globe particularly in the first half of the financial year. Our ability to substantially grow third party sales underpinned an improving performance from our core Technegas™ business and delivered on our strategy of revenue diversification across the group.

As a result, we were able to deliver record revenues and earnings that support our ability to maintain dividend payments.

During 2022 we continued to focus on securing approval from the USFDA to commence sales of Technegas™ in the US market in 2023, consistent with previous expectations. Entry into the USA market is our most significant near-term growth catalyst and represents an opportunity for Cyclopharm to significantly increase sales of our Technegas™ product suite. In preparation for a rapid entry into the US market the Company has been building our inventory along with US sales capabilities and infrastructure. The Company's strong balance sheet and cash balance at year end of $20.3 million means we are fully funded for an expected entry into the US market in 2023, following a successful conclusion to the process for USFDA approval of Technegas™.

We are also continuing to accelerate opportunities, via clinical trials, to develop our Beyond PE strategy, designed to expand the use of Technegas™ into the treatment and management of additional and exponentially larger indications, such as COPD, Asthma and Long-COVID. Cyclopharm estimates there are over 500 million patients suffering each with COPD and Asthma who may benefit from the use of Technegas™ and that the global COPD market is approximately 30 times the size of the PE market. The Company remains confident that expectations of trial results being published in the first half of 2023 will be met.

Cyclopharm is well placed to extend its market leadership in lung imaging and drive ongoing growth in revenue and earnings. The Company is poised to enter its next growth phase in 2023 from a position of strength, having delivered record 2022 sales revenues, robust sales of Technegas™ and continuing strong growth in third party sales. Our strong capital position means we are able to maintain a consistent dividend policy with the final dividend for 2022 maintained at 0.5 cents per share (CPS), giving a total dividend for 2022 to 1.0 cps. The Company expects to commence sales in the USA in 2023, a major catalyst for growth, alongside its well established and profitable existing operations in 64 different countries.

Finally, I thank all my colleagues, the Cyclopharm Board, with a special thanks to my entire global team, who collectively have contributed to the growth of the Company over recent years. On behalf of the Cyclopharm management team, with the ongoing support of the Board, we are absolutely committed to delivering positive health outcomes for our patients and growing financial rewards to our shareholders.

James McBrayer
Managing Director

Consolidated Statement of Profit or Loss And Other Comprehensive Income for the year ended 31 December 2022

UNAUDITED

		Consolidated	
		2022	2021
	Notes	$	$
CONTINUING OPERATIONS			
Sales revenue	5	23,218,797	17,704,574
Finance revenue	5	109,733	3,950
Other revenue	5	1,635,856	2,432,578
Total revenue		**24,964,386**	**20,141,102**
Cost of materials and manufacturing	5a	(7,440,608)	(5,042,295)
Employee benefits expense	5e	(9,081,003)	(8,848,778)
Advertising and promotion expense		(538,338)	(298,143)
Depreciation and amortisation expense	5c	(931,484)	(758,731)
Freight and duty expense		(2,385,834)	(724,029)
Research and development expense	5d	(3,439,980)	(1,660,167)
Administration expense	5f	(6,681,478)	(6,806,880)
Other expense	5g	(229,584)	(259,636)
Loss before tax and finance costs		**(5,763,923)**	**(4,257,557)**
Finance costs	5b	(265,923)	(89,314)
Loss before income tax		**(6,029,846)**	**(4,346,871)**
Income tax	6	(581,669)	(693,295)
Loss for the year		**(6,611,515)**	**(5,040,166)**
Other comprehensive income after income tax			
Items that will be re-classified subsequently to profit and loss when specific conditions are met:			
Exchange differences on translating foreign controlled entities (net of tax)		(131,589)	(225,440)
Total comprehensive loss for the year		**(6,743,104)**	**(5,265,606)**
Loss per share (cents per share)	7	**cents**	**cents**
-basic loss per share from continuing operations		(7.17)	(5.62)
-basic loss per share		(7.17)	(5.62)
-diluted loss per share		(7.17)	(5.62)

The Consolidated Statement of Profit or Loss And Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

as at 31 December 2022

UNAUDITED

	Notes	Consolidated 2022 $	Consolidated 2021 $
Assets			
Current Assets			
Cash and cash equivalents	8	20,296,176	29,249,255
Trade and other receivables	9	7,706,025	8,040,708
Inventories	10	8,292,668	5,511,375
Current tax asset	6	4,947	58,761
Other assets		570,519	392,284
Total Current Assets		**36,870,335**	**43,252,383**
Non-current Assets			
Property, plant and equipment	11	3,189,165	2,416,648
Right-of-use assets	12	3,410,439	3,829,204
Investments	13	-	-
Intangible assets	14	5,436,401	5,422,263
Deferred tax assets	6	635,811	820,406
Total Non-current Assets		**12,671,816**	**12,488,521**
Total Assets		**49,542,151**	**55,740,904**
Liabilities			
Current Liabilities			
Trade and other payables	15	6,502,920	5,907,628
Lease liabilities	16	209,992	178,265
Provisions	17	1,133,574	1,234,259
Tax liabilities	6	89,198	98,132
Total Current Liabilities		**7,935,684**	**7,418,284**
Non-current Liabilities			
Lease liabilities	16	4,121,592	4,331,502
Provisions	17	46,453	25,929
Deferred tax liabilities	6	-	-
Deferred income liabilities	18	901,812	897,455
Total Non-current Liabilities		**5,069,857**	**5,254,886**
Total Liabilities		**13,005,541**	**12,673,170**
Net Assets		**36,536,610**	**43,067,734**
Equity			
Contributed equity	19	63,420,810	62,974,440
Employee equity benefits reserve	27	3,241,763	2,593,561
Foreign currency translation reserve	27	(1,053,129)	(921,540)
Accumulated losses		(29,072,834)	(21,578,727)
Total Equity		**36,536,610**	**43,067,734**

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

UNAUDITED

	Notes	Consolidated 2022 $	Consolidated 2021 $
Operating activities			
Receipts from customers		24,289,662	21,244,553
Receipt from business venture collaboration		340,464	392,483
Payments to suppliers and employees		(34,557,416)	(25,910,356)
Interest received		109,733	3,950
Borrowing costs paid		(265,923)	(89,314)
Income tax received		3,418,995	2,729,274
Net cash flows used in operating activities	8	**(6,664,485)**	**(1,629,410)**
Investing activities			
Purchase of property, plant and equipment		(1,274,027)	(842,845)
Payments for intangible assets		(274,371)	(318,179)
Net cash flows used in investing activities		**(1,548,398)**	**(1,161,024)**
Financing activities			
Proceeds from issue of shares		-	33,000,003
Share issue cost (net of tax)		-	(1,657,782)
Settlement of loan for Long Term Incentive Plan Shares		446,370	-
Dividends paid		(882,592)	(881,319)
Payment for lease liabilities		(289,422)	(288,707)
Net cash flows (used in) / from financing activities		**(725,644)**	**30,172,195**
Net (decrease) / increase in cash and cash equivalents		**(8,938,527)**	**27,381,761**
Cash and cash equivalents			
- at beginning of the period		**29,249,255**	**1,874,285**
- net foreign exchange differences from translation of cash and cash equivalents		(14,552)	(6,791)
- at end of the year	8	**20,296,176**	**29,249,255**

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

UNAUDITED

CONSOLIDATED	Contributed Equity $	Other Contributed Equity $	Total Contributed Equity $	Retained Earnings / (Accumulated Losses) $	Foreign Currency Translation Reserve (Note 27(b)) $	Employee Equity Benefits Reserve (Note 27(a)) $	Total $
Balance at 1 January 2021	**36,965,377**	**(5,333,158)**	**31,632,219**	**(15,657,242)**	**(696,100)**	**1,836,973**	**17,115,850**
Loss for the year	-	-	-	(5,040,166)	-	-	(5,040,166)
Other comprehensive loss	-	-	-	-	(225,440)	-	(225,440)
Total comprehensive loss for the year	**-**	**-**	**-**	**(5,040,166)**	**(225,440)**	**-**	**(5,265,606)**
Issue of shares	33,000,003	-	33,000,003	-	-	-	33,000,003
Share issue cost (net of tax)	(1,657,782)	-	(1,657,782)	-	-	-	(1,657,782)
Dividends paid	-	-	-	(881,319)	-	-	(881,319)
Cost of share based payments	-	-	-	-	-	756,588	756,588
Total transactions with owners and other transfers	**31,342,221**	**-**	**31,342,221**	**(881,319)**	**-**	**756,588**	**31,217,490**
	-	-	-	-	-	-	-
Balance at 31 December 2021	**68,307,598**	**(5,333,158)**	**62,974,440**	**(21,578,727)**	**(921,540)**	**2,593,561**	**43,067,734**
Balance at 1 January 2022	**68,307,598**	**(5,333,158)**	**62,974,440**	**(21,578,727)**	**(921,540)**	**2,593,561**	**43,067,734**
Loss for the year	-	-	-	(6,611,515)	-	-	(6,611,515)
Other comprehensive loss	-	-	-	-	(131,589)	-	(131,589)
Total comprehensive loss for the year	**-**	**-**	**-**	**(6,611,515)**	**(131,589)**	**-**	**(6,743,104)**
Payment of loan for Long Term Incentive Plan shares	446,370	-	446,370	-	-	-	446,370
Dividends paid	-	-	-	(882,592)	-	-	(882,592)
Cost of share based payments	-	-	-	-	-	648,202	648,202
Total transactions with owners and other transfers	**446,370**	**-**	**446,370**	**(882,592)**	**-**	**648,202**	**211,980**
Balance at 31 December 2022	**68,753,968**	**(5,333,158)**	**63,420,810**	**(29,072,834)**	**(1,053,129)**	**3,241,763**	**36,536,610**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

1. CORPORATE INFORMATION

Cyclopharm Limited is a Company limited by shares incorporated and domiciled in Australia. The shares are publicly traded on the Australian Securities Exchange ("ASX") under the code "CYC".

During the year, the principal continuing activities of the consolidated entity (the "Group") consisted of the manufacture and sale of medical equipment and radiopharmaceuticals, including associated research and development, and installation and distribution of third party products to the diagnostic imaging sector.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, 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.

The financial report is presented in Australian dollars.

b) New and Amended Accounting Standards and Interpretations adopted by the Group

Consolidated financial statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

d) Basis of consolidation

Cyclopharm Limited is the ultimate parent entity ("the Parent") in the wholly owned group. The consolidated financial statements comprise the financial statements of Cyclopharm and its subsidiaries as at 31 December each year ('the Group').

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2022. All subsidiaries have a reporting date of 31 December.

Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Parent has control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

For business combinations involving entities under common control, which are outside the scope of *AASB 3 Business Combinations*, the Company applies the purchase method of accounting by the legal parent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Foreign currency translation

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars (AUD $) which is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items that are measured in terms of historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate when the fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow hedge or net investment hedge. On disposal of a foreign entity the deferred cumulative amount in equity is recognised in the Statement of Comprehensive Income.

Group companies

The functional currency of the overseas subsidiaries Cyclomedica Ireland Limited, Cyclomedica Germany GmbH, Cyclomedica Europe Limited, and Cyclomedica Benelux bvba, is European Euro (Euro €), Cyclomedica Nordic AB is Swedish Kroner (SEK), Cyclomedica Canada Limited is Canadian dollars (Can $) and Cyclomedica UK Ltd is Great British Pound (GBP).

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

- Assets and liabilities are translated at year-end exchange rates prevailing at the reporting date.
- Income and expenses are translated at the average exchange rates for the period.
- Retained profits/equity are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are recognised in other comprehensive income and are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

Cyclopharm Limited is the head entity of the tax consolidated group comprising all the Australian wholly owned subsidiaries. The implementation date for the tax consolidated group was 31 May 2006. Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a "stand-alone basis without adjusting for intercompany transactions" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under consolidation.

Any current Australian tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group. Any difference between these amounts is recognised by the head entity as an equity contribution or distribution.

Cyclopharm Limited recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

g) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Property, plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Impairment

The carrying amount of plant and equipment is reviewed annually by Directors to consider impairment. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets are depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Basis	Method
Plant and equipment	5 - 33%	Straight-line method
Leasehold Improvements	7.5 - 10%	Straight-line method
Motor vehicles	16.67 - 25%	Straight-line method

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Investments Accounted For Using The Equity Method

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired. The carrying amount of the investment also includes loans made to the associate which are not expected to be repaid in the short term.

Profit and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 13.

j) Intangibles

Intangible assets

Intangible assets acquired as part of a business combination other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible assets. The method and useful lives of finite life intangible assets are reviewed annually.

Internally generated intangible assets, excluding development costs, are not capitalised and are recorded as an expense in the Statement of Profit or Loss.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, at each reporting date, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditure on the development of the Technegas™Plus and Ultralute generator has been capitalised. Costs will be amortised once the asset development is completed and the asset ready for use. No impairment provision has been deemed appropriate. The Directors are satisfied that the future economic benefits will eventuate to justify the capitalisation of the expenditure incurred. Development expenditure is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

	New Patents and licences	**Technegas Development costs**
Useful lives	Patents - Finite Licenses - Infinite	Finite
Method used	8 - 10 years - Straight line	9 years - Straight line
Impairment test / Recoverable Amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicator of impairment

Research and development costs

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intend to complete the development and its costs can be measured reliably. Development expenditure is measured at cost less any accumulated amortisation and impairment losses. Amortisation is calculated using a straight-line method to allocate the costs over a period during which the related benefits are expected to be realised.

k) Inventories

Inventories are valued at the lower of cost and net realisable value where net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress: cost of direct materials and labour and an appropriate portion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

l) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 90 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, short-term deposits with an original maturity of three months or less and bank overdrafts. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

n) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are normally settled within 30 to 60 days.

o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

p) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of economic benefits will result and that an outflow can be reliably measured. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow (after applying probability) to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and other types of employee benefits are recognised against profits on a net basis in their respective categories.

s) Employee share and performance share schemes

The fair value of performance rights issued under the Cyclopharm Long Term Incentive Plan are recognised as a personnel expense over the vesting period with a corresponding increase in Employee Equity Benefits Reserve.

The fair value of the implied option attached to shares granted is determined using a pricing model that takes into account factors that include exercise price, the term of the performance option, the vesting and performance criteria, the share price at grant date and the expected price volatility of the underlying share. The fair value calculation excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of performance options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of performance rights that are expected to become exercisable. The personnel expense recognised each period takes into account the most recent estimate.

Shares issued under employee and executive share plans are held in trust until vesting date. Unvested shares held by the trust are consolidated into the group financial statements.

t) Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

u) Other Revenue

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Research & Development Tax Incentive

Government grants, including Research and Development incentives, are recognized at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Grants relating to cost reimbursements are recognized as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later).

All revenue is stated net of the amount of goods and services tax (“GST”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred is not recoverable from the Australian Taxation Office ("ATO") and is therefore recognised as part of the asset's cost or as part of the expense item. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

w) Financial instruments

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

De-recognition of financial instruments

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group assesses at each Statement of Financial Position date whether a financial asset or group of financial assets is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x) Contributed equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other contributed equity

In accordance with *AASB112 Income Taxes*, additional contributed equity was recorded to recognise the transfer of tax liabilities from Vita Medical Limited to Vita Life Sciences Limited, being the parent of the Australian tax consolidated group at the relevant time. This event occurred prior to Cyclopharm Limited acquiring its interests in the net assets of Vita Medical Limited.

As part of the restructure a subsidiary of Cyclopharm Limited, Vita Medical Australia Pty Ltd acquired all the assets, liabilities and business from Vita Medical Limited, the former group parent.

With effect from 31 May 2006, Cyclopharm Limited also acquired 100% of the other group operating subsidiaries from the ultimate holding company, Vita Life Sciences Limited. Accordingly, the group comprises Cyclopharm Limited and the following wholly owned subsidiaries:

- Cyclomedica Australia Pty Ltd (formerly Vita Medical Australia Pty Ltd)
- Cyclomedica Ireland Ltd (formerly Vitamedica Europe Ltd)
- Cyclomedica Europe Ltd
- Cyclomedica Canada Limited (formerly Vita Medical Canada Ltd)
- Cyclomedica Germany GmbH
- Allrad 28 Pty Ltd (deregistered 16 July 2017)
- Allrad 29 Pty Ltd (deregistered 16 July 2017)

These entities collectively comprise the medical diagnostic equipment and associated consumables business formerly operated as the Vita Medical Group – now known as the Cyclopharm Group. The transaction has been accounted for as a 'reverse acquisition' as defined in *AASB 3 Business Combinations* whereby Cyclopharm Limited is the legal parent and Cyclomedica Australia Pty Limited is the financial parent, which for accounting purposes is deemed to be the acquirer.

The consideration for the minority interests of the controlled entities and costs of acquisition have been charged to other contributed equity in accordance with *AASB 10 Consolidated Financial Statements*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year. Where there is a change in the number of ordinary shares on issue without a corresponding change in recognised resources during the year, the number of ordinary shares for all periods presented are correspondingly adjusted as if the event had occurred at the beginning of the earliest period presented.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Where there is a change in the number of ordinary shares on issue without a corresponding change in recognised resources during the year, the number of ordinary shares for all periods presented are correspondingly adjusted as if the event had occurred at the beginning of the earliest period presented.

z) Fair Value

The Group subsequently measures some of its assets at fair value on a non-recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

aa) Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The following are the critical judgements and estimates that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key Estimates

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

The Group's property, plant and equipment relating to the Cyclotron facility have been fully impaired, based on management's assessment that the fair value of those assets is nil in the current industry circumstances and the condition of the damaged assets. Extensive damage to the Cyclotron facility caused by substantial water damage in June 2014, delayed any decisions about the future use of the Cyclotron facility until it is restored to its former operational status. In 2019, the Company entered into a Business Venture Collaboration Agreement with Cyclotek Australia Pty Ltd and Pettech, a wholly owned subsidiary of ANSTO. In parallel the Company entered into a Business Sale Transfer agreement for the operations conducted at the Company's Cyclotron facility located at Macquarie University Hospital.

The assumptions used in the estimation of recoverable amount and the carrying amount of intangible assets are discussed in Note 14. No impairment has been recognised in respect of intangible assets at the end of the reporting period.

Useful lives of property, plant and equipment

The estimation of the useful lives of assets has been based on historical experience as well as lease terms and turnover policies. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. Refer to Note 25 for details of the Company's Share Based Payment Plan.

Key Judgements

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December 2022		
	Technegas	Molecular Imaging	Total
Segments	$	$	$
Type of goods or service			
Sales of equipment and consumables - Technegas	12,596,143	-	12,596,143
Sales of equipment and consumables - third-party products	8,120,239	-	8,120,239
Income from business venture collaboration	-	340,464	340,464
After sales services - Technegas	1,067,119	-	1,067,119
After sales services - third-party products	1,094,832	-	1,094,832
Total revenue from contracts with customers	**22,878,333**	**340,464**	**23,218,797**
Geographical markets			
Asia Pacific	7,451,101	340,464	7,791,565
Europe	12,166,950	-	12,166,950
Canada	2,960,306	-	2,960,306
Other	299,976	-	299,976
Total revenue from contracts with customers	**22,878,333**	**340,464**	**23,218,797**
Timing of revenue recognition			
Goods transferred at a point in time	22,269,365	340,464	22,609,829
Services transferred over time	608,968	-	608,968
Total revenue from contracts with customers	**22,878,333**	**340,464**	**23,218,797**

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

	For the year ended 31 December 2021		
	Technegas	Molecular Imaging	Total
Segments	**$**	**$**	**$**
Type of goods or service			
Sales of equipment and consumables - Technegas	11,591,344	-	11,591,344
Sales of equipment and consumables - third-party products	3,773,257	-	3,773,257
Income from business venture collaboration	-	392,483	392,483
After sales services - Technegas	1,621,761	-	1,621,761
After sales services - third party-products	325,729	-	325,729
Total revenue from contracts with customers	**17,312,091**	**392,483**	**17,704,574**
Geographical markets			
Asia Pacific	3,237,027	392,483	3,629,510
Europe	11,510,851	-	11,510,851
Canada	2,456,613	-	2,456,613
Other	107,600	-	107,600
Total revenue from contracts with customers	**17,312,091**	**392,483**	**17,704,574**
Timing of revenue recognition			
Goods transferred at a point in time	17,097,962	392,483	17,490,445
Services transferred over time	214,129	-	214,129
Total revenue from contracts with customers	**17,312,091**	**392,483**	**17,704,574**

The allowance for expected credit losses on receivables at the end of the year was $156,919 (2021: $110,415).

4. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of product category as the Group's risks and returns are affected predominantly by differences in the products and services produced. The Group also monitors the performance of the business on a geographical basis.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Technegas™ segment is a supplier of diagnostic equipment and consumables used by physicians in the detection of pulmonary embolism and a distributor of third party products to the diagnostic imaging sector.

The Molecular Imaging segment will produce radiopharmaceuticals to be used by physicians in the detection of cancer, neurological disorders and cardiac disease.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

Business segments
The tables under the heading business segments present revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2022 and 31 December 2021.

Geographical segments
The tables under the heading geographical segment present revenue and asset information regarding geographical segments for the years ended 31 December 2022 and 31 December 2021.

4. OPERATING SEGMENTS (continued)

Business Segments

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended 31 December 2022	Technegas $	Consolidated Molecular Imaging $	Total $
Revenue			
Sales - Technegas	13,663,262	-	13,663,262
Income from business venture collaboration	-	340,464	340,464
Sales - third-party products	9,215,071	-	9,215,071
Sales to external customers	22,878,333	340,464	23,218,797
Finance revenue	109,733	-	109,733
Other revenue	1,635,856	-	1,635,856
Total revenue	**24,623,922**	**340,464**	**24,964,386**
Result			
(Loss) / profit before tax and finance costs	**(6,145,066)**	**381,143**	**(5,763,923)**
Finance costs	(265,493)	(430)	(265,923)
(Loss) / profit before income tax	**(6,410,559)**	**380,713**	**(6,029,846)**
Income tax	(549,484)	(32,185)	(581,669)
(Loss) / profit after income tax	**(6,960,043)**	**348,528**	**(6,611,515)**
Assets and liabilities			
Segment assets	48,524,326	1,017,825	49,542,151
Segment asset increases for the period :			
- capital expenditure	1,274,027	-	1,274,027
Segment liabilities	(12,950,439)	(55,102)	(13,005,541)
Other segment information			
Depreciation and amortisation	(931,484)	-	(931,484)

4. OPERATING SEGMENTS (continued)

Business Segments

For the year ended 31 December 2021	Technegas $	Consolidated Molecular Imaging $	Total $
Revenue			
Sales - Technegas	13,213,106	-	13,213,106
Income from business venture collaboration	-	392,483	392,483
Sales - third-party products	4,098,985	-	4,098,985
Sales to external customers	17,312,091	392,483	17,704,574
Finance revenue	3,624	326	3,950
Other revenue	2,432,578	-	2,432,578
Total revenue	**19,748,293**	**392,809**	**20,141,102**
Result			
Profit/(loss) before tax and finance costs	**(4,565,182)**	**307,625**	**(4,257,557)**
Finance costs	(86,395)	(2,919)	(89,314)
Profit/(loss) before income tax	**(4,651,577)**	**304,706**	**(4,346,871)**
Income tax expense	(237,237)	(456,058)	(693,295)
Profit/(loss) after income tax	**(4,888,814)**	**(151,352)**	**(5,040,166)**
Assets and liabilities			
Segment assets	54,549,989	1,190,915	55,740,904
Segment asset increases for the period :			
- capital expenditure	842,845	-	842,845
Segment liabilities	(12,567,046)	(106,124)	(12,673,170)
Other segment information			
Depreciation and amortisation	(758,731)	-	(758,731)

4. OPERATING SEGMENTS (continued)

Geographical Segments

For the year ended 31 December 2022	Asia Pacific $	Europe $	Canada $	Other $	Consolidated Total $
Revenue					
Sales to external customers	7,791,565	12,166,950	2,960,306	299,976	23,218,797
Finance revenue	109,733	-	-	-	109,733
Other revenue	1,635,856	-	-	-	1,635,856
Total segment revenue	**9,537,154**	**12,166,950**	**2,960,306**	**299,976**	**24,964,386**
Assets					
Segment assets	38,032,765	10,650,908	858,478	-	49,542,151

For the year ended 31 December 2021	Asia Pacific $	Europe $	Canada $	Other $	Consolidated Total $
Revenue					
Sales to external customers	3,629,510	11,510,851	2,456,613	107,600	17,704,574
Finance revenue	2,794	1,156	-	-	3,950
Other revenue	2,291,383	141,195	-	-	2,432,578
Total segment revenue	**5,923,687**	**11,653,202**	**2,456,613**	**107,600**	**20,141,102**
Assets					
Segment assets	46,467,809	8,745,806	527,289	-	55,740,904

5. REVENUES AND EXPENSES

	Notes	Consolidated 2022 $	Consolidated 2021 $
Revenue			
Sales revenue		22,878,333	17,312,091
Income from business venture collaboration		340,464	392,483
Total revenue		23,218,797	17,704,574
Finance revenue - Interest received from other parties		109,733	3,950
Other Revenue			
Insurance recoveries		-	141,195
R&D Tax incentive refund		1,635,856	2,291,383
Total other revenue		1,635,856	2,432,578
(Note 3 discloses the disaggregation of the Group's revenue from contracts with customers)			
Expenses			
a) Cost of materials and manufacturing			
Cost of materials and manufacturing		7,440,608	5,042,295
b) Finance costs			
Interest paid on loans from external parties		67,434	16,515
Interest on leased assets (AASB 16)		198,489	72,799
Total finance costs		**265,923**	**89,314**
c) Depreciation and amortisation			
Depreciation of plant and equipment		234,806	161,276
Depreciation of leasehold improvements		266,704	168,050
Depreciation of leased assets (AASB 16)		289,422	288,707
Amortisation of intangibles		140,552	140,698
		931,484	758,731
d) Research & development expense			
FDA expenses		2,973,729	1,303,372
Pilot Clinical Trial expenses		126,818	214,893
Research expenses		339,433	141,902
		3,439,980	1,660,167
e) Employee benefits expense			
Salaries and wages		7,712,904	7,395,884
Defined contribution superannuation expense		545,565	548,200
Non-Executive Director fees		174,332	148,106
Share-based payments expense	25a	648,202	756,588
		9,081,003	8,848,778
f) Administration expense			
Legal and professional costs		3,473,853	4,868,162
Office and facility costs		1,883,668	1,453,745
Provision/(Reversal) of doubtful debts		65,422	(5,427)
Travel and motor vehicle costs		1,258,535	490,400
		6,681,478	6,806,880
g) Other expense			
Realised Foreign exchange gains		(63,821)	(26,377)
Unrealised Foreign exchange gains		(60,751)	(232,134)
Other		354,156	518,147
		229,584	259,636

6. INCOME TAX

	2022 $	2021 $
The components of income tax expense comprise:		
Current income tax expense	(397,074)	(324,005)
Deferred tax expense	(184,595)	(369,290)
	(581,669)	**(693,295)**
A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:		
Accounting loss before income tax	**(6,029,846)**	**(4,346,871)**
Statutory income tax rate of 25% (2021: 26%)	1,171,368	1,674,705
Effects of lower rates on overseas income	225,067	232,616
Expenditure not allowable for income tax purposes	(1,378,865)	(1,221,402)
Non-assessable income	409,460	595,760
Temporary differences (reversed) in Australian group	(184,595)	(369,290)
Tax losses not recognised in Australia	(824,104)	(1,605,684)
Total income tax expense	**(581,669)**	**(693,295)**
Effective income tax rate	9.6%	15.9%
Current income tax asset	**4,947**	**58,761**
Current income tax liability	**89,198**	**98,132**
Deferred tax relating to capital raising costs, credited directly to equity	**-**	**-**
Deferred tax assets		
Deferred tax assets from temporary differences on:		
Investments	(1,180,925)	(1,228,684)
Provisions and accruals	1,384,838	1,460,084
Other	431,898	589,006
Total deferred tax assets	**635,811**	**820,406**
Movements in deferred tax assets		
Opening balance	820,406	1,189,696
Temporary differences brought to account (reversed)	(184,595)	(369,290)
Closing balance	**635,811**	**820,406**
Deferred tax assets for which no benefit has been recognised:		
- arising from temporary differences - at 25% (2021 - 25%)	567,136	582,288
- arising from revenue tax losses - at 25% (2021 - 25%)	1,861,215	2,581,039
- arising from capital tax losses - at 25% (2021 - 25%)	19,715	19,715

7. NET TANGIBLE ASSETS AND LOSS PER SHARE

Net Tangible Assets per share

	Consolidated	
	2022	2021
	$	$
Net assets per share	0.39	0.46
Net tangible assets per share	0.33	0.40
	Number	Number
Number of ordinary shares for net assets per share	93,053,826	93,374,823
	2022	2021
	$	$
Net assets	36,536,610	43,067,734
Less: Intangible assets	(5,436,401)	(5,422,263)
Net tangible assets	31,100,209	37,645,471

The number of ordinary shares includes the effects of 408,059 Long Term Incentive Performance (LTIP) shares issued on 19 February 2021 and excludes 320,997 lapsed LTIP shares cancelled on 4 October 2022 (2021: nil) as set out in Note 19. The net assets includes both right-of-use assets and lease liabilities accounted for in accordance with AASB 16 Leases.

Loss per share

	Consolidated	
	2022	2021
	cents	cents
Basic loss per share for continuing operations	(7.17)	(5.62)
Basic loss per share	(7.17)	(5.62)
Diluted loss per share	(7.17)	(5.62)
	Number	Number
Weighted average number of ordinary shares for basic loss per share	92,178,892	89,690,122
Weighted average number of ordinary shares for diluted loss per share	92,178,892	89,690,122
	2022	2021
	$	$
Loss used to calculate basic earnings per share	(6,611,515)	(5,040,166)
Loss used to calculate diluted earnings per share	(6,611,515)	(5,040,166)

The weighted average number of ordinary shares for basic loss per share excludes the effects of 267,062 LTIP shares issued on 19 February 2021, 600,000 LTIP shares issued on 4 May 2020 and 250,000 LTIP Shares issued on 2 July 2018 set out in Note 19 as they are contingently returnable.

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2022	2021
	$	$
Cash at bank and in hand	20,296,176	29,249,255
Total cash and cash equivalents	**20,296,176**	**29,249,255**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

The fair value of cash and cash equivalents is $20,296,176 (2021: $29,249,255).

Reconciliation of Statement of Cash Flows	2022	2021
	$	$
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	20,296,176	29,249,255
	20,296,176	**29,249,255**
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net loss after tax	**(6,611,515)**	**(5,040,166)**
Adjustments for non-cash income and expense items:		
Depreciation	790,932	618,033
Amortisation	140,552	140,698
Movement provision for employee benefits	(80,161)	214,908
Movement in foreign exchange	(117,037)	(218,649)
Movement in employee benefits reserve	648,202	756,588
Movement in other provisions	65,422	(5,427)
	(5,163,605)	**(3,534,015)**
Increase/decrease in assets and liabilities:		
(Increase) / Decrease in receivables	(587,987)	685,026
Increase in inventories	(2,781,293)	(775,358)
Decrease in other receivables	744,435	16,745
Decrease in current tax asset	53,814	175,143
Decrease in deferred tax assets	184,595	369,290
Increase in creditors	890,133	1,445,425
Decrease in current tax liabilities	(8,934)	(15,921)
Increase in deferred income liability	4,357	4,255
Net cash flow used in operating activities	**(6,664,485)**	**(1,629,410)**

8. CASH AND CASH EQUIVALENTS (continued)

(b) Non-cash financing and investing activities

All Long Term Incentive Plan (LTIP) shares as set out in Note 25 Share Based Payment Plans are issued by way of loans.

During the year, 660,000 LTIP shares vested (2021: nil) and an election was made to extend the exercise period for up to 1 year, whilst 320,997 LTIP shares lapsed and were cancelled (2021: nil). Refer to Note 19 Contributed Equity and Note 25 Share Based Payment Plans.

No LTIP shares were issued by way of loans during the year (2021: 408,059 LTIP shares issued on 19 February 2021).

9. TRADE AND OTHER RECEIVABLES

		Consolidated	
		2022	2021
	Notes	$	$
Current			
Trade receivables, third parties		5,408,996	4,774,505
Allowance for expected credit loss		(156,919)	(110,415)
Net Trade receivables, third parties	(i)	5,252,077	4,664,090
Other receivables	(ii), (iii)	2,453,948	3,376,618
Total Current trade and other receivables		**7,706,025**	**8,040,708**
Total trade and other receivables		**7,706,025**	**8,040,708**

Terms and conditions

Terms and conditions relating to the above financial instruments

(i) Trade receivables are non-interest bearing and generally on 30 and 60-day terms.

(ii) Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

(iii) The prior year's Other receivables included accrued R&D Tax Incentive of $2,295,638 which was received in January 2022.

(iv) Related party details are set out in the Note 22 Related Party Disclosures.

10. INVENTORIES

	Notes	Consolidated 2022 $	2021 $
Current			
Raw materials at cost		6,665,536	3,870,499
Finished goods at lower of cost or net realisable value		1,691,331	1,692,090
Provision for obsolescence		(64,199)	(51,214)
Total inventory		**8,292,668**	**5,511,375**

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2022 Consolidated	Leasehold Land and buildings $	Leasehold improvements $	Plant and equipment $	Leased Plant and Equipment $	Capital Work in Progress $	Total $
1 January 2022						
at written down value	320,755	1,287,438	711,067	-	97,388	2,416,648
Additions / Transfers	(50,767)	723,251	601,543	-		1,274,027
Depreciation for the year	(9,746)	(266,704)	(225,060)	-	-	(501,510)
31 December 2022						
at written down value	**260,242**	**1,743,985**	**1,087,550**	**-**	**97,388**	**3,189,165**
1 January 2022						
Cost value	2,435,293	5,326,216	9,014,767	120,901	97,388	16,994,565
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(232,578)	(1,429,866)	(3,934,409)	(120,901)	-	(5,717,754)
Net carrying amount	**320,755**	**1,287,438**	**711,067**	**-**	**97,388**	**2,416,648**
31 December 2022						
Cost value	2,384,043	5,860,574	9,220,014	10,380	97,388	17,572,399
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(241,841)	(1,507,677)	(3,763,173)	(10,380)	-	(5,523,071)
Net carrying amount	**260,242**	**1,743,985**	**1,087,550**	**-**	**97,388**	**3,189,165**

* Impairment arising from the Group's decision to cease commercial production at its cyclotron facility at the end of April 2014. A collaboration agreement was signed in 2019 between the Group, Cyclotek (Aust) Pty Ltd and the Australian Nuclear Science and Technology Organisation whereby Cyclotek NSW Pty Ltd, a wholly owned subsidiary of Cyclotek (Aust) Pty Ltd, will leverage the cyclotron facility to manufacture new PET diagnostics and undertake research and development activities. However, extensive damage to the cyclotron facility was caused by substantial water damage in June 2014. Restoration to its former operational status has been delayed due to the COVID-19 pandemic. Accordingly, the suspended cyclotron business is not considered to be a discontinued operation pending completion of the restoration. The Group initially recognises and measures its Land and Buildings, Plant and Equipment and Leasehold Improvements at cost. The Group subsequently measures some of its Buildings, Plant and Equipment and its Leasehold Improvements at fair value on a non-recurring basis in accordance with AASB 136*: Impairment of Assets.* Refer Note 2 (aa).

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 31 December 2021 Consolidated	Land and buildings	Leasehold improvements	Plant and equipment	Leased Plant and Equipment	Capital Work in Progress	Total
		$	$	$	$	$
1 January 2021						
at written down value	289,866	1,001,216	520,326	-	91,721	1,903,129
Additions / Transfers	40,960	454,272	341,946	-	5,667	842,845
Depreciation for the year	(10,071)	(168,050)	(151,205)	-	-	(329,326)
31 December 2021						
at written down value	**320,755**	**1,287,438**	**711,067**	**-**	**97,388**	**2,416,648**
1 January 2021						
Cost value	2,394,333	4,871,944	8,672,821	120,901	91,721	16,151,720
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(222,507)	(1,261,816)	(3,783,204)	(120,901)	-	(5,388,428)
Net carrying amount	**289,866**	**1,001,216**	**520,326**	**-**	**91,721**	**1,903,129**
31 December 2021						
Cost value	2,435,293	5,326,216	9,014,767	120,901	97,388	16,994,565
Impairment - Molecular Imaging*	(1,881,960)	(2,608,912)	(4,369,291)	-	-	(8,860,163)
Accumulated depreciation	(232,578)	(1,429,866)	(3,934,409)	(120,901)	-	(5,717,754)
Net carrying amount	**320,755**	**1,287,438**	**711,067**	**-**	**97,388**	**2,416,648**

* Impairment arising from the Group's decision to cease commercial production at its cyclotron facility at the end of April 2014. A collaboration agreement was signed in 2019 between the Group, Cyclotek (Aust) Pty Ltd and the Australian Nuclear Science and Technology Organisation whereby Cyclotek NSW Pty Ltd, a wholly owned subsidiary of Cyclotek (Aust) Pty Ltd, will leverage the cyclotron facility to manufacture new PET diagnostics and undertake research and development activities. However, extensive damage to the cyclotron facility was caused by substantial water damage in June 2014. Restoration to its former operational status has been delayed due to the COVID-19 pandemic. Accordingly, the suspended cyclotron business is not considered to be a discontinued operation pending completion of the restoration. The Group initially recognises and measures its Land and Buildings, Plant and Equipment and Leasehold Improvements at cost. The Group subsequently measures some of its Buildings, Plant and Equipment and its Leasehold Improvements at fair value on a non-recurring basis in accordance with AASB 136*: Impairment of Assets.* Refer Note 2 (aa).

Fair Value Measurement

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into, as follows:

- Level 1: Measurements based on quoted prices in active markets for identical assets that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than the quoted prices included in Level 1, but that are observable for the asset, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

Cyclopharm's management considers that the inputs used for the fair value measurement are Level 2 inputs.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

AASB 13 requires the valuation technique used to be consistent with one of the following valuation approaches:

- Market approach: techniques that use prices and other information generated by market transactions for identical or similar assets.
- Income approach: techniques that convert future cash flows or income and expenses into a single discounted present value.
- Cost approach: techniques that reflect the current replacement cost of an asset at its current service capacity.

The Cyclopharm Board decided to cease commercial production at its Cyclotron facility at the end of April 2014 due to the impact on the Group's profits of the government-owned competition. In making that decision, the Board valued the Cyclotron facility, comprised of buildings, leasehold improvements and plant and equipment at a fair value of nil, using the market approach and income approach techniques. The market technique predominantly used recent observable market data for similar new equipment in Australia, adjusted for loss in value caused by physical deterioration, functional obsolescence, economic obsolescence and the industry specific aspects affecting this highly specialised asset i.e. the government-owned competition which had rendered further participation in the molecular imaging industry uneconomic and its future use uncertain. The same industry specific factors were applied to the income approach technique. Both techniques resulted in a fair value of nil being recognised for the Cyclotron facility as at 31 December 2014. Cyclopharm considers that the same conditions still apply at 31 December 2022 as the Cyclotron facility, although now repaired and largely restored, has not been fully restored to its former functionality as intended, after substantial water damage in June 2014. Accordingly, Cyclopharm has concluded that the fair value of the Cyclotron remains at nil as at 31 December 2022.

Inputs used in the market approach technique to measure Level 2 fair values were:

- current replacement cost of the property being appraised less the loss in value caused by physical deterioration, functional obsolescence and economic obsolescence, and industry specific factors set out above.
- historical cost and relevant market data and industry expertise.
- sales comparison for assets where available.

The assessments of the physical condition, functional obsolescence and economic obsolescence are considered Level 3 inputs.

Non-Recurring fair value measurements:

	Level 2 2022 $	Level 2 2021 $
Buildings	-	-
Plant and equipment	-	-
Leasehold improvements	-	-
Total non-financial assets recognised at fair value	-	-

The highest and best use of the assets in normal circumstances is the value in continued use, using the income approach technique. However, in the current unusual circumstances as set out above, the fair value using this approach is nil.

12. RIGHT-OF-USE ASSETS

	Consolidated	
	2022	2021
	$	$
Land and buildings - right-of-use	5,195,614	5,195,492
Less: Accumulated depreciation	(1,820,733)	(1,538,421)
	3,374,881	**3,657,071**
Motor vehicle - right-of-use	157,989	287,747
Less: Accumulated depreciation	(122,431)	(115,614)
	35,558	**172,133**
Total right-of-use assets	**3,410,439**	**3,829,204**

The Group leases land and buildings for its offices, manufacturing facilities and warehouse under agreements of between two to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are negotiated. The Group also leases plant and equipment under agreements of four years.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		Consolidated	
		2022	2021
Equity accounted investments	**Notes**	**$**	**$**
Associated companies	(a)	-	-

Name	**Principal Activities**	**Principal place of business**	**Measurement Method**	**Ownership Interest**	
				2022	**2021**
Macquarie Medical Imaging Pty Ltd	Imaging centre	Sydney, Australia	Equity method	20%	20%

Macquarie Medical Imaging Pty Ltd ("MMI") is a private entity that provided medical imaging facilities for Macquarie University Hospital. From 7 December 2019, the business operations of MMI have been transferred to MQ Health, an entity associated with Macquarie University Hospital.

		Consolidated	
		2022	2021
Extract from the associate's statement of financial position:	**Notes**	**$**	**$**
Current Assets		4,033,133	4,058,487
Current Liabilities		(17,498,514)	(17,495,145)
Net Liabilities		(13,465,381)	(13,436,658)
Share of associate's Net Liabilities	(a)	(2,693,076)	(2,687,332)

		Consolidated	
		2022	2021
Extract from the associate's statement of comprehensive income:	**Notes**	**$**	**$**
Revenue		-	-
Net Loss	(a)	(28,723)	(33,289)

(a) The share of the associate's loss not recognised during the year was $5,745 (2021: loss of $6,657) and the cumulative share of the associate's loss not recognised as at 31 December 2022 was $2,738,463 (31 December 2021: $2,732,718).

The share of loss of associate not recognised as at 31 December 2022 is extracted from the unaudited financial report of the associate, and it may be revised when that financial report has been audited.

The fair value of the Group's investment in Macquarie Medical Imaging Pty Ltd was $nil (2021: $nil). It is anticipated that MMI will be de-registered upon the finalisation of its accounts payable and receivables.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Contingent liabilities

(b) In December 2019, a business venture collaboration agreement combined CycloPet Pty Ltd and Pettech Solutions Limited's cyclotron facilities under a single operating enterprise known as Cyclotek NSW Pty Limited (Cyclotek NSW). Cyclopharm and Cyclotek NSW have entered into a sub-lease agreement as tenants in common whereby Cyclotek NSW is solely responsible for the tenant's obligations except for make good obligations until such time as it exercises the right to transfer its interest as tenant in common to Cyclopharm. Being a tenant in common, Cyclopharm's contingent liabilities as at 31 December 2022 amounts to $3,366,657 (2021: $3,366,657) if Cyclotek NSW is unable to fulfil its obligations as tenant. The amount comprises payments under a sub-lease agreement commencing 1 January 2020 until the expiry of two options to renew expiring on 31 December 2039 with a rent-free period until 31 December 2022.

There were no other contingent liabilities as at the date of this report in respect of MMI or Cyclotek NSW (2021: $nil).

14. INTANGIBLE ASSETS

Consolidated	Intellectual Property $	Goodwill on consolidation* $	Licences $	Technegas Development $	Target $	Ultralute $	Total $
Balance at							
1 January 2022	451,343	865,273	492,667	788,588	27,419	2,796,973	5,422,263
Additions	-	-	20,871	-	-	133,819	154,690
Transfers	(264,875)	-	264,875	-	-	-	-
Amortisation	(24,483)	-	(116,069)	-	-	-	(140,552)
Balance at							
31 December 2022	**161,985**	**865,273**	**662,344**	**788,588**	**27,419**	**2,930,792**	**5,436,401**
31 December 2022							
Non-Current	161,985	865,273	662,344	788,588	27,419	2,930,792	5,436,401
Total	**161,985**	**865,273**	**662,344**	**788,588**	**27,419**	**2,930,792**	**5,436,401**
31 December 2021							
Non-Current	451,343	865,273	492,667	788,588	27,419	2,796,973	5,422,263
Total	**451,343**	**865,273**	**492,667**	**788,588**	**27,419**	**2,796,973**	**5,422,263**

* Goodwill on consolidation arising upon the acquisition of Cyclomedica Benelux bvba on 1 October 2017 and Cyclomedica Nordic AB on 1 May 2018.

15. TRADE AND OTHER PAYABLES

	Notes	Consolidated 2022 $	Consolidated 2021 $
Current			
Trade payables, third parties	(i)	4,399,786	2,174,047
Other payables and accruals	(ii)	1,627,295	1,521,898
Deposits from customers		475,839	2,211,683
Total current trade and other payables		**6,502,920**	**5,907,628**
Total trade and other payables		**6,502,920**	**5,907,628**

Terms and conditions

Terms and conditions relating to the above financial instruments:

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

(ii) Other payables and accruals are non-interest bearing and have an average term of 4 months.

(iii) Related party details are set out in the Note 22 Related Party Disclosures.

16. LEASE LIABILITIES

	Consolidated 2022 $	Consolidated 2021 $
Current		
Lease liabilities	209,992	178,265
Lease liabilities (current)	**209,992**	**178,265**
Non-current		
Lease liabilities	4,121,592	4,331,502
Lease liabilities (non-current)	**4,121,592**	**4,331,502**
Total Lease liabilities	**4,331,584**	**4,509,767**

17. PROVISIONS

	Consolidated	
	Employee Entitlements	Total
	$	$
Balance at 1 January 2022	**1,260,188**	**1,260,188**
Arising during the year	724,530	724,530
Utilised	(804,691)	(804,691)
Balance at 31 December 2022	**1,180,027**	**1,180,027**
31 December 2022		
Current	1,133,574	1,133,574
Non-Current	46,453	46,453
Total	**1,180,027**	**1,180,027**
Number of employees		
Number of employees at year end	63	
31 December 2021		
Current	1,234,259	1,234,259
Non-Current	25,929	25,929
Total	**1,260,188**	**1,260,188**
Number of employees		
Number of employees at year end	51	

18. DEFERRED INCOME LIABILITIES

	Consolidated	
	2022	2021
	$	$
Deferred income liabilities	**901,812**	**897,455**

A portion of the Research & Development Grant refund received during the year has been recognised as deferred income liabilities and will be amortised over the same period as the amortisation of the related intangible development asset.

19. CONTRIBUTED EQUITY

		Consolidated			
	Notes	2022 Number	2021 Number	2022 $	2021 $
Issued and paid up capital					
Ordinary shares	(a)	93,053,826	93,374,823	68,753,968	68,307,598
Other contributed equity	(b)	-	-	(5,333,158)	(5,333,158)
Total issued and paid up capital		**93,053,826**	**93,374,823**	**63,420,810**	**62,974,440**
(a) Ordinary shares					
Balance at the beginning of the period		93,374,823	80,274,455	68,307,598	36,965,377
Issue of Long Term Incentive Plan shares	(i)	-	408,059	-	-
Issue of shares	(ii)	-	12,692,309	-	33,000,003
Share issue cost (net of tax)		-	-	-	(1,657,782)
Cancellation of expired Long Term Incentive Plan shares	(iii)	(320,997)	-	-	-
Settlement of loans for Long Term Incentive Plan shares	(iv)	-	-	446,370	-
Balance at end of period		**93,053,826**	**93,374,823**	**68,753,968**	**68,307,598**
(b) Other contributed equity					
Balance at the beginning and end of the period		**-**	**-**	**(5,333,158)**	**(5,333,158)**

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

(i) On 19 February 2021, 408,059 LTIP shares were issued at an exercise price of $3.20 per share under the non-recourse loan payment plan, as set out in Note 25.

(ii) On 1 February 2021, 11,538,462 ordinary shares were issued at a price of $2.60 per share in connection with an institutional share placement and on 19 February 2021, 1,153,847 ordinary shares were issued at a price of $2.60 per share in connection with a share purchase plan to eligible shareholders.

(iii) 320,997 lapsed LTIP shares were cancelled on 4 October 2022.

(iv) Proceeds from settlement of loan to acquire LTIP shares.

19. CONTRIBUTED EQUITY (continued)

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns for shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management constantly assesses the capital structure to take advantage of favourable costs of capital and/or high returns on assets. As the market is continually changing, management may issue dividends to shareholders, issue new shares, increase the entity's short or long term borrowings or sell assets to reduce borrowings.

As at 31 December 2022, the Group has no interest bearing loans and borrowings.

		Consolidated	
		2022	2021
	Notes	$	$
Total interest bearing loans and borrowings		-	-
Add: cash and cash equivalents	8	20,296,176	29,249,255
Net cash		**20,296,176**	**29,249,255**
Total equity		36,536,610	43,067,734
Gearing ratio		0.0%	0.0%

Dividends

During the current financial year, the Directors declared an unfranked interim dividend of 0.5 cent per share in respect of the financial year ended 31 December 2022 and an unfranked final dividend of 0.5 cent per share in respect of the financial year ended 31 December 2021. During the 2021 financial year, the Directors declared an unfranked interim dividend of 0.5 cent per share in respect of the financial year ended 31 December 2021 and an unfranked final dividend of 0.5 cent per share in respect of the financial year ended 31 December 2020.

The final unfranked dividend of 0.5 cent per share in respect of the financial year ended 31 December 2022 has not been recognised in these consolidated financial statements as it was declared subsequent to 31 December 2022.

	Consolidated			
	2022	2021	2022	2021
	Cents per share	Cents per share	$	$
Fully paid ordinary shares				
Final dividend in respect of the previous financial year				
- No franking credits attached	0.50	0.50	441,296	440,659
Interim dividend in respect of the current financial year				
- No franking credits attached	0.50	0.50	441,296	440,660
	1.00	**1.00**	**882,592**	**881,319**

20. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's principal financial instruments comprise receivables, payables, bank loans, cash and short-term deposits. The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis and monitoring of specified credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Management Committee under the authority from the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

(a) Interest rate risk

As the Group has moved into a no debt, strong cash position, the main interest rate risk is now in cash assets exposure.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Statement of Financial Position date.

At 31 December 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax profit would have been affected as follows:

	Consolidated	
	2022	2021
	$	$
Judgements of reasonably possible movements:		
Loss before income tax		
+1.0% (100 basis points)	202,962	292,493
-0.5% (50 basis points)	(101,481)	(146,246)

The movements in profit/(loss) are due to possible higher or lower interest income from cash balances.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

(a) Interest rate risk (continued)

Consolidated Year ended 31 December 2022		Weighted average interest rate %	Non interest bearing	Floating interest rate	Fixed interest maturing in			Total
					1 year or less	1 to 5 years	More than 5 years	
			$	$	$	$	$	$
FINANCIAL ASSETS								
Cash and cash equivalents	8	1.37%	-	20,296,176	-	-	-	20,296,176
Trade and other receivables	9	n/a	7,706,025	-	-	-	-	7,706,025
Total financial assets			**7,706,025**	**20,296,176**	**-**	**-**	**-**	**28,002,201**
FINANCIAL LIABILITIES								
Trade payables, third parties	15	n/a	6,502,920	-	-	-	-	6,502,920
Leases, third party	16	4.50%	-	-	209,992	812,863	3,308,729	4,331,584
Total financial liabilities			**6,502,920**	**-**	**209,992**	**812,863**	**3,308,729**	**10,834,504**
Net exposure			**1,203,105**	**20,296,176**	**(209,992)**	**(812,863)**	**(3,308,729)**	**17,167,697**

Consolidated Year ended 31 December 2021		Weighted average interest rate %	Non interest bearing	Floating interest rate	Fixed interest maturing in			Total
					1 year or less	1 to 5 years	More than 5 years	
			$	$	$	$	$	$
FINANCIAL ASSETS								
Cash and cash equivalents	8	0.03%	-	29,249,255	-	-	-	29,249,255
Trade and other receivables	9	n/a	8,040,708	-	-	-	-	8,040,708
Total financial assets			**8,040,708**	**29,249,255**	**-**	**-**	**-**	**37,289,963**
FINANCIAL LIABILITIES								
Trade payables, third parties	15	n/a	5,907,628	-	-	-	-	5,907,628
Leases, third party	16	4.50%	-	-	178,265	812,760	3,518,742	4,509,767
Total financial liabilities			**5,907,628**	**-**	**178,265**	**812,760**	**3,518,742**	**10,417,395**
Net exposure			**2,133,080**	**29,249,255**	**(178,265)**	**(812,760)**	**(3,518,742)**	**26,872,568**

20. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to scrutinise the counterparty's trade and other receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures such as reviewing their industry reputation, financial position and credit rating. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is constantly managed.

There are no significant unprovided concentrations of credit risk within the Group.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group has no borrowings as at 31 December 2022.

Refer to the table above with the heading 20 (a) Interest Rate Risk, which reflects all contractually fixed pay-offs for settlement of financial liabilities and collection of financial assets. Trade payables and other financial liabilities generally originate from the financing of assets used in our ongoing operations such as investments in working capital e.g. inventories and trade receivables and investment in property, plant and equipment. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Board and management monitor the Group's expected settlement of financial assets and liabilities on an ongoing basis.

The Group monitors the rolling forecast of liquidity reserves based on expected cash flow.

Consolidated Year ended		Less than 6 months	6 months to 1 year	1 year to 5 years	Greater than 5 years	Total
31 December 2022	**Note**	**$**	**$**	**$**	**$**	**$**
Trade payables, third parties	15	6,502,920	-	-	-	6,502,920
Leases, third party	16	103,883	106,109	812,863	3,308,729	4,331,584
		6,606,803	106,109	812,863	3,308,729	10,834,504
31 December 2021						
Trade payables, third parties	15	5,907,628	-	-	-	5,907,628
Leases, third party	16	88,188	90,077	812,760	3,518,742	4,509,767
		5,995,816	90,077	812,760	3,518,742	10,417,395

(d) Commodity price risk

The Group's exposure to commodity price risk is minimal.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk

As a result of significant investment operations in Europe, the Group's Statement of Financial Position can be affected significantly by movements in the EURO / A$ exchange rates. The Group does not hedge this exposure.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 66% (2021: 79%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst approximately 50% (2021: 53%) of costs are denominated in the unit's functional currency.

At 31 December 2022, the Group had the following financial instrument exposure to foreign currency fluctuations:

	Consolidated	
	2022	2021
	$	$
United States dollars		
Amounts payable	252,594	237,136
Amounts receivable	-	-
Euros		
Amounts payable	229,703	147,022
Amounts receivable	1,508,591	1,909,390
Canadian dollars		
Amounts payable	123,666	80,011
Amounts receivable	427,871	237,393
Swedish Kroners		
Amounts payable	634,107	355,769
Amounts receivable	1,441,833	923,908
Japanese Yen		
Amounts payable	10,104	10,104
Amounts receivable	-	5,771
Great British Pound		
Amounts payable	55,796	8,054
Amounts receivable	245,643	244,716
Net exposure	**(2,317,968)**	**(2,483,082)**

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

Forward Exchange Contracts

The Company has not entered into foreign exchange forward contracts as at 31 December 2022.

Fair values

All of the Group's financial instruments recognised in the Statement of Financial Position have been assessed at their fair values.

Foreign currency sensitivity

Currency risk is measured using sensitivity analysis. A portion of Cyclopharm's receivables and payables are exposed to movements in the values of those currencies relative to the Australian dollar. Cyclopharm management have determined that it is not cost effective to hedge against foreign currency fluctuations.

Cyclopharm is most exposed to European Euro (Euro), Canadian Dollar (CAD), US Dollar (USD), Swedish Kroner (SEK) and Great Britisih Pound (GBP) movements. The following table details Cyclopharm's sensitivity to a 10% change in the Australian dollar against those respective currencies with all other variables held constant as at reporting date for unhedged foreign exposure risk. A positive number indicates an increase in net profit/equity.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

(e) Foreign currency risk (continued)

A sensitivity has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectation for future movement.

	Consolidated	
	Increase in AUD of 10% $	Decrease in AUD of 10% $
Euro		
31 December 2022		
Net (loss) / profit	(108,560)	119,416
Equity (decrease) / increase	(108,560)	119,416
31 December 2021		
Net (loss) / profit	(130,113)	143,125
Equity (decrease) / increase	(130,113)	143,125
CAD		
31 December 2022		
Net (loss) / profit	(27,655)	30,421
Equity (decrease) / increase	(27,655)	30,421
31 December 2021		
Net (loss) / profit	(14,307)	15,738
Equity (decrease) / increase	(14,307)	15,738
USD		
31 December 2022		
Net profit / (loss)	22,963	(25,259)
Equity increase / (decrease)	22,963	(25,259)
31 December 2021		
Net profit / (loss)	21,558	(23,714)
Equity increase / (decrease)	21,558	(23,714)
SEK		
31 December 2022		
Net (loss) / profit	(73,430)	80,773
Equity (decrease) / increase	(73,430)	80,773
31 December 2021		
Net (loss) / profit	(51,649)	56,814
Equity (decrease) / increase	(51,649)	56,814
GBP		
31 December 2022		
Net (loss) / profit	(17,259)	18,985
Equity (decrease) / increase	(17,259)	18,985
31 December 2021		
Net (loss) / profit	(21,515)	23,666
Equity (decrease) / increase	(21,515)	23,666

21. COMMITMENTS & CONTINGENCIES

(a) Capital commitments

	Consolidated	
	2022	2021
	$	$
The company has the following capital expenditure commitments contracted for property, plant and equipment:		
Not later than one year	-	879,772
Total	**-**	**879,772**

During the prior year, Cyclomedica Australia Pty Ltd entered into contracts to upgrade the cleanroom, ventilation and air conditioning facilities at its Kingsgrove manufacturing premises.

Cyclopharm has entered into agreements to fund research projects with unrelated institutions. The commitments for these projects total $257,063 (2021: $326,211) and will be expensed when incurred. Payments will be made based on the achievement of certain milestones.

There were no other capital commitments as at the date of this report.

(b) Contingent liabilities

In December 2019, a business venture collaboration agreement combined CycloPet Pty Ltd and Pettech Solutions Limited's cyclotron facilities under a single operating enterprise known as Cyclotek NSW Pty Limited (Cyclotek NSW). Cyclopharm and Cyclotek NSW have entered into a sub-lease agreement as tenants in common whereby Cyclotek NSW is solely responsible for the tenant's obligations except for make good obligations until such time as it exercises the right to transfer its interest as tenant in common to Cyclopharm. Being a tenant in common, Cyclopharm's contingent liabilities as at 31 December 2022 amounts to $3,366,657 (2021: $3,366,657) if Cyclotek NSW is unable to fulfil its obligations as tenant. The amount comprises payments under a sub-lease agreement commencing 1 January 2020 until the expiry of two options to renew expiring on 31 December 2039 with a rent-free period until 31 December 2022.

There were no other contingent liabilities as at the date of this report (2021: $nil).

22. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Cyclopharm and its subsidiaries as stated below. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to Note 9 Trade and Other Receivables and Note 15 Trade and Other Payables:

		Purchases from related parties $	Amounts owed to related parties $
Cell Structures Pty Ltd	***2022***	**-**	**-**
	2021	50,069	-

Ultimate parent entity

Cyclopharm Limited is the ultimate parent entity in the wholly owned group.

Terms and conditions of transactions with related parties

- During the prior year, payments of $50,069 were made to Cell Structures Pty Ltd (an entity controlled by a former Director, Mr. Tom McDonald). All payments related to Mr. McDonald's role as a non-executive director including consultancy services provided by him prior to his cessation on 1 December 2021.

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

22. RELATED PARTY DISCLOSURES (continued)

Controlled Entities

Name	Note	Country of Incorporation	Percentage of equity interest held	
			2022	2021
Cyclopharm Limited	1,2	Australia		
Controlled entities				
CycloPET Pty Ltd	2	Australia	100%	100%
Cyclomedica Australia Pty Limited	2	Australia	100%	100%
Cyclomedica Ireland Limited	3	Ireland	100%	100%
Cyclomedica Europe Limited	3	Ireland	100%	100%
Cyclomedica Benelux bvba	4	Belgium	100%	100%
Cyclomedica Nordic AB	5	Sweden	100%	100%
Cyclomedica Germany GmbH	6	Germany	100%	100%
Cyclomedica Canada Limited	7	Canada	100%	100%
Cyclomedica USA LLC	8	United States of America	100%	100%
Cyclomedica UK Ltd	9	United Kingdom	100%	100%
Cyclomedica New Zealand Limited	10	New Zealand	100%	100%

Notes

1. Cyclopharm Limited is the ultimate parent entity in the wholly owned group.
2. Audited by Nexia Sydney Audit Pty Ltd, Australia.
3. Audited by Andrew P.Quinn & Associates Limited, Republic of Ireland.
4. Audited by VGD Gent, Belgium.
5. Audited by Nexia Revision, Stockholm, Sweden.
6. Audited by Bilanzia GmbH Wirtschaftsprufungsgesellschaft, Germany.
7. Audited by Schwartz Levitsky & Feldman LLP, Toronto, Canada.
8. Dormant.
9. Audited by Saffery Champness LLP, Bristol, United Kingdom
10. Dormant.

23. EVENTS AFTER THE BALANCE DATE

FINAL DIVIDEND

On 14 February 2023, the Directors declared a final unfranked dividend of 0.5 cent per share in respect of the financial year ended 31 December 2022, payable on 4 April 2023.

A further judgement totalling approximately Euro 0.4 million in favour of Cyclopharm was handed down in Germany against Mr Altmann in December 2022. Given the timing of receipt of the official judgment and further consequential court actions required to be taken in January 2023 to enable enforcement of the judgment award, this favourable outcome is an event subsequent to the close of 2022 financials. As a consequence, the financial benefit will be recorded in 2023. To date €0.3 million has been collected and the Company is aggressively pursuing the remaining balance.

No other matters or circumstances have arisen since the end of the financial year, not otherwise dealt with in the financial report, which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial periods.

24. AUDITORS' REMUNERATION

The following total remuneration was received, or is due and receivable, by auditors of the Company in respect of:

	Consolidated	
	2022	2021
	$	$
Amounts received or due and receivable by the auditor of the parent entity and associated entities for:		
Audit and review of the financial statements	138,138	140,670
Other services:		
- tax compliance	26,909	18,982
- share registry	-	40,222
	165,047	**199,874**
Amounts received or due and receivable by other audit firms for:		
Audit of the financial statements of controlled entities	175,905	133,471
Other services	109,206	113,159
	285,111	**246,630**

25. SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received in relation to share based payments during the year is shown in the table below:

	Consolidated	
	2022	2021
	$	$
Expense arising from equity-settled share-based payment transactions (note 5)	648,202	756,588

The share-based payment reserve at 31 December 2022 was $3,241,763 (2021: $2,593,561).

(b) Share-based payment other than implied options

No share-based payments other than implied options were made during the year.

25. SHARE BASED PAYMENT PLANS (continued)

(c) Type of share-based payment plans

The share-based payment plan is described below. An updated Plan was approved by members at the Annual General Meeting held on 29 May 2018 and 4 May 2021.

Shares

Long Term Incentive Plan ("Plan") Shares ("Shares") are granted to certain Directors and certain employees.

In valuing transactions settled by way of issue of shares, performance conditions and market conditions linked to the price of the shares of Cyclopharm Limited are taken into account. All shares issued have market performance conditions so as to align shareholder return and reward for the Company's selected management and staff ("Participants").

The Shares vest upon the satisfaction of certain performance conditions ("Hurdles") within the term ("Term") specified for Participants in the Plan. The Board has residual discretion to accelerate vesting (i.e. reduce or waive the Hurdles) and exercise of Shares in the event of a takeover or merger or any other circumstance in accordance with the terms of the Plan.

Shares in relation to which Hurdles have not been satisfied (i.e. that do not vest) will lapse and will not be able to be exercised, except in the circumstances described below. However, the Board may at any time amend any rules governing the operation of the Plan or waive or modify the application of the rules in relation to any Participant. Shares which have not vested will lapse where a Participant ceases employment with Cyclopharm other than on retirement, redundancy, death or total and permanent disablement or unless as otherwise determined by the Board in its absolute discretion.

Where a Participant has ceased employment with Cyclopharm as a result of resignation, retirement, redundancy, death or total and permanent disablement prior to the end of a performance period, only shares that have vested may be retained by the Participant on a pro-rata basis. If a Participant ceases employment for any reasons mentioned above prior to the first anniversary of the grant date, the Participant forfeits all entitlement to Shares.

LTIP Shares issued

At the Annual General Meeting held on 8 May 2007, Shareholders approved the Company's Plan with an updated Plan approved by Shareholders on 29 May 2018 and 4 May 2021.

Implied Options

AASB 2 Share Based Payments requires that the benefit to an employee arising from an employee share scheme such as the Cyclopharm Long Term Incentive Plan be treated as an expense over the vesting period. All of the issues of Plan shares have been treated as Plan Share Options ("Implied Options") in accordance with AASB 2. The employee benefit is deemed to be the Implied Option arising from the Plan. Consequently, the value of the discount which has been determined using the Black Scholes option pricing model will be charged to the Statement of Comprehensive Income and credited to the Employee Equity Benefits Reserve over the vesting period.

Where employee shares are issued under a non-recourse loan payment plan, the loan assets and the increments to Contributed Equity are not recognised at grant date but rather the increments to Contributed Equity are recognised when the share loans are settled by the relevant employees.

25. SHARE BASED PAYMENT PLANS (continued)

(d) Summary of Options and Implied Options granted

The following table summarises the movements in Options and Implied Options during the current year:

		Consolidated 2022 Number	Consolidated 2021 Number	Weighted Average Exercise Price 2022 $	Weighted Average Exercise Price 2021 $
Balance at the beginning of the year		2,853,059	2,445,000	1.33	1.34
Granted during the year		-	408,059	-	3.20
Vested but unexercised during the year	(i)	(910,000)	-	-	-
Exercised during the year	(ii)	(325,000)	-	-	-
Lapsed during the year		(300,997)	-	-	-
Balance at the end of the year		**1,317,062**	**2,853,059**	**1.50**	**1.33**
Vested but unexercised at the end of the year		3,453,020	2,590,236		

(i) 660,000 LTIP shares (2021: nil) vested during the year.

(e) Range of exercise price, weighted average remaining contractual life and weighted average fair value

The weighted average exercise price for Options and Implied Options at the end of the year was $1.50 (2021: $1.33). The weighted average remaining contractual life for the Options and Implied Options outstanding as at 31 December 2022 is 0.90 years (2021: 0.91 years). The weighted average fair value of Options and Implied Options granted during the year was $nil (2021: $1.02).

25. SHARE BASED PAYMENT PLANS (continued)

(f) Option pricing models

The following assumptions were used to derive a value for the Options and Implied Options granted using the Black Scholes Option model as at the grant date, taking into account the terms and conditions upon which the Shares were granted:

	Options	Implied Options	Implied Options	Implied Options	Implied Options
Exercise price per Option	**$0.00**	**$1.22**	**$1.55**	**$3.20**	**$3.20**
Number of recipients	1	2	1	25	1
Number of Options	200,000	600,000	250,000	264,062	3,000
Grant Date	27/05/19	4/05/20	2/07/18	19/02/21	19/02/21
Dividend yield	-	-	-	-	-
Expected annual volatility	42.99%	51.00%	41.00%	61.00%	61.00%
Risk-free interest rate	1.23%	0.22%	2.09%	0.08%	0.37%
Expected life of Option (years)	6.18 years	3.07 years	*4.92 years	3 years	6 years
Fair value per Option	$1.310	$0.379	$0.245	$1.012	$1.447
Share price at grant date	$1.31	$1.16	$0.99	$2.79	$2.79
Model used	Expensed at market price at grant date over expected life of Option	Black Scholes	Black Scholes	Black Scholes	Black Scholes

* Extended to 31 May 2023.

Expected volatility percentages used for the Option pricing calculations were determined using historic data over 24 months and were adjusted to reflect comparable companies in terms of industry and market capitalisation. The Options and Implied Options are not listed and as such do not have a market value.

26. PARENT ENTITY DISCLOSURE

	2022 $	2021 $
(i) **Financial Position**		
Assets		
Current Assets	14,960,192	22,779,449
Non-current Assets	47,967,544	41,677,103
Total Assets	**62,927,736**	**64,456,552**
Liabilities		
Current Liabilities	486,737	253,730
Non-current Liabilities	10,323,448	10,323,448
Total Liabilities	**10,810,185**	**10,577,178**
Net assets	**52,117,551**	**53,879,374**
Equity		
Contributed equity	63,621,343	63,174,973
Employee equity benefits reserve	3,241,763	2,593,561
Accumulated Losses	(14,745,554)	(11,889,160)
Total Equity	**52,117,552**	**53,879,374**
(ii) **Financial Performance**		
Loss for the year	(1,973,802)	(23,761)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(1,973,802)**	**(23,761)**

27. RESERVES

Nature and purpose of reserves:

(a) Employee equity benefits reserve

The employee share based payments reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration.

(b) Foreign currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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