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25 August 2023

The Manager - Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(53 pages by email)

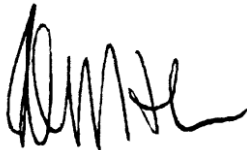
Dear Madam,

YEAR END ACCOUNTS AND PRELIMINARY FINAL REPORT

I attach the Company's Year End Accounts and Appendix 4E Preliminary Final Report for the year ended 30 June 2023.

Full details of the Company's Operating and Financial Review are contained in the attached Annual Report which forms part of this Preliminary Final Report.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn11830

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Appendix 4E

Preliminary final report

Name of entity

BIOTRON LIMITED

ABN or equivalent company reference

60 086 399 144

Financial year ended ('current period')

30 JUNE 2023

Results for announcement to the market

Revenues from ordinary activities	N/A	Nil	to	Nil
Loss from ordinary activities after tax attributable to members	Up	25.59%	to	\$3,492,766
Net loss for the period attributable to members	Up	25.59%	to	\$3,492,766
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	Nil		Nil	
Interim dividend	Nil		Nil	
Previous corresponding period				
Final dividend	Nil		Nil	
Interim dividend	Nil		Nil	
Record date for determining entitlements to the dividend.	N/A			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Refer attached Annual Report for the year ended 30 June 2023.				
Please refer to note 2(e) of the Financial Report regarding material uncertainty.				
NTA backing	Current period		Previous corresponding period	
Net tangible asset backing per ordinary security	0.35 cents		0.16 cents	

The attached Annual Report which forms part of this Appendix 4E has been audited.

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BIOTRON LIMITED

A.B.N. 60 086 399 144

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023**

BIOTRON LIMITED

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BIOTRON LIMITED

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

Biotron Limited ('Biotron' or 'the Company') has completed several significant milestones during the 2022/23 financial year, including:

- Completed dosing and recruitment for two BIT225 Phase 2 clinical trials at sites in Australia and Thailand (BIT225-010 and BIT225-011) for treatment of HIV-1 infection.
- Commenced detailed post-clinical phase analyses of samples collected during the BIT225-010 and BIT225-011 Phase 2 trials.
- Commenced a Phase 2 trial of BIT225 (BIT225-012) for the treatment of adults with COVID-19 at sites in Thailand following receipt of approvals from relevant ethics and regulatory authorities.
- Continued the design, synthesis and testing of new compounds with the aim of identifying next-generation lead anti-HIV-1 and anti-SARS-CoV-2 drugs and a lead candidate for Hepatitis B virus (HBV).
- Presented BIT225 COVID-19 mouse model data at an international scientific conference.
- Completed an entitlement issue plus a follow-on placement, raising \$6 million before costs, on the following terms:
 - A pro-rata renounceable entitlement issue of one new share and one listed option for every two shares purchased. Under this offer, the Company issued 140,386,543 ordinary shares and 70,193,272 listed options for cash totaling \$4,211,596.
 - A placement of 59,613,457 ordinary shares and 29,806,846 listed options for cash totaling \$1,788,404.
 - The listed options are each exercisable at 6 cents to acquire one fully paid ordinary share exercisable at any time up to 25 November 2024.
 - Proceeds from the entitlement issue and placement have been, and will be, used to:
 - undertake the Phase 2 COVID-19 clinical trial;
 - complete non-clinical assays for the Company's two Phase 2 HIV-1 clinical trials;
 - develop next generation drugs for the Company's antiviral programs;
 - advance the Hepatitis B virus program;
 - advance commercialisation activities; and
 - support working capital and costs of the offer.
- Issued 12,000,000 listed options as part consideration to the lead manager and underwriter under the same terms and conditions as the offer under the renounceable entitlement issue.
- Received an R&D Tax Incentive rebate of \$1,430,725 for the 2021/22 financial year.

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BIOTRON LIMITED

OPERATING AND FINANCIAL REVIEW

Biotron's core expertise lies in the design and development of drugs that target virus-encoded proteins known as viroporins. Viroporins, which are found in a broad range of viruses and play key roles in viral pathogenesis, are central to viruses modifying host immune responses so that they evade them and maintain ongoing cycles of infection.

Biotron has designed and developed a library of compounds that target viroporins from a broad range of different viruses that cause serious infections in humans and other hosts.

SARS-CoV-2 Program

Biotron has had a long interest in coronaviruses, dating from the SARS-1 epidemic, which provided a good background for knowing how to successfully target SARS-CoV-2 (COVID-19).

BIT225, Biotron's lead antiviral clinical-stage, investigational, small molecule antiviral drug, has, in addition to its unique clinical activity against HIV-1, shown very good activity against SARS-CoV-2 and prevented development of disease in a COVID-19 mouse model (ASX announcements 25 November 2021, 17 March 2022 and 2 May 2022).

The SARS-CoV-2-infected mice quickly died from respiratory disease very similar to human COVID-19. However, BIT225 very efficiently reduced levels of SARS-CoV-2 virus and stopped the life-threatening cytokine storm. The mice treated with BIT225 did not develop any signs of disease and remained healthy throughout the several studies that were conducted.

Despite the availability of SARS-CoV-2 vaccines, there remains a need for oral drugs to treat the infection and prevent severe disease, especially in at-risk individuals. BIT225 has an established human safety profile and the potential to be an important first in class drug for the treatment of COVID-19.

In February 2023, the Company presented COVID-19 data from these BIT225 mouse studies at the 30th Conference on Retroviruses and Opportunistic Infections (CROI) in Seattle, WA, USA. CROI is the pre-eminent international HIV research meeting and this year it also featured new findings on SARS-CoV-2 and the mpox virus.

Following the success of the COVID-19 mouse model study, in May 2023 the Company commenced a Phase 2 clinical trial (BIT225-012) at sites in Thailand for the treatment of COVID-19 in humans. The design of this double blind, placebo-controlled trial was based on guidance received during the first half of 2022 from the USA Food and Drug Administration (FDA) and took into consideration the continually changing landscape of COVID-19. The Company consulted with national and international clinicians, clinical research organisations and other relevant experts to design a study that could be recruited quickly and generate meaningful data in a short timeframe.

The trial aims to determine if 7 days of treatment with BIT225 commenced within 3 days of onset of COVID-19 symptoms results in reduction in SARS-CoV-2 blood viral load, clinically favourable changes in viral, inflammatory and immune activation markers, as well as improvement in clinical symptoms of COVID-19.

In August 2023, all participants in the BIT225-12 COVID-19 Phase 2 clinical trial completed dosing, marking the end of the clinical phase of the trial. Work is now focused on completing the laboratory analyses of samples collected during the trial.

As with all of its programs, the Company is dedicated to generating high value data to de-risk the portfolio ahead of licensing to a major pharmaceutical company for late-stage development, marketing and sales.

Preliminary results from the BIT225-012 COVID19 trial are expected to be available in September 2023, subject to finalisation of detailed laboratory and other data analyses.

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BIOTRON LIMITED

OPERATING AND FINANCIAL REVIEW

HIV-1 Program

During the year in review, the Company completed two Phase 2 clinical trials at sites in Australia and Thailand (BIT225-010 and BIT225-011) for treatment of HIV-1 infection.

The BIT225-011 Australian Phase 2 HIV-1 trial was designed to investigate the impact of BIT225 in HIV-infected people who have been taking approved anti-HIV-1 treatment (ART) for an extended period with well-controlled HIV-1 infection but not achieved full immune reconstitution despite long term durably suppressive ART.

This group, estimated to encompass more than one third of the HIV treated population, is at an increased risk of clinical progression to AIDS and other morbidities and has higher rates of mortality than HIV-infected patients who have attained full immune reconstitution.

BIT225 was added to this group's ART treatment for a period of three months. The endpoints for this trial include measurements of improved immune function and markers linked to immune reconstitution.

The BIT225-010 Thai Phase 2 HIV-1 trial included people newly diagnosed as being HIV-1 positive but not yet commenced ART. They received BIT225 treatment or placebo for six months in combination with ART.

This extended dosing period allows for a more detailed investigation of immune changes observed in previously completed HIV-1 clinical studies with BIT225. The endpoints for this trial include measurements of improved immune function and markers linked to immune reconstitution.

The two trials were designed to generate data to extend the positive findings from previous clinical trials conducted by Biotron in which BIT225 had positive effects on key immunologic markers of improved health outcomes.

Biotron's anti-HIV-1 drug BIT225 is unique. It is the first drug of its kind to act as both a direct acting antiviral drug and an immune enhancer. Improvements in immune function that appear to be a direct result of BIT225 in the presence of HIV-1 may have additional key health benefits.

The improvements in patients can be assessed by measuring changes in key immune cell populations and markers. Positive changes such as immune function restoration go hand-in-glove with eradication of HIV reservoirs and may be considered surrogate markers of reduction of virus below the level of quantitation.

The data from these two Phase 2 HIV-1 trials will be central to demonstrating to potential pharmaceutical partners and regulatory authorities the safety and efficacy of BIT225 in patients with currently unmet medical needs.

With the clinical phase completed, focus is now on undertaking detailed laboratory analyses of all the samples collected during the trials. The assays are complex, time-consuming, and require specialised external laboratories.

Subject to completion of the laboratory analyses and subsequent data analyses, preliminary results from the HIV-1 trials are anticipated to be available in the third quarter of 2023.

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BIOTRON LIMITED

OPERATING AND FINANCIAL REVIEW

Hepatitis B Virus Program

While the clinical programs for HIV-1 and COVID-19 continue to be the Company's main focus, its HBV program is an important preclinical program.

Like HIV-1, HBV can be treated with drugs that stop the virus replicating, but these do not eradicate the virus.

Chronic infection with HBV can lead to complications such as cirrhosis and liver cancer, which cause close to one million deaths worldwide each year. Over 2 billion people worldwide have been infected with HBV. The World Health Organisation estimates that over 250 million are chronically infected.

Biotron's compounds have demonstrated significant anti-viral activity against HBV in pre-clinical studies in cell-cultures, reducing levels of cccDNA (covalently closed circular DNA), as well as other key viral markers.

Biotron is working with other experienced groups that conduct specific antiviral HBV assays to characterise the mechanism of action of the HBV compounds. In parallel, several unique new compounds are currently being assessed in a series of preliminary preclinical safety studies ahead of their likely assessment in animal models of HBV infection.

The data from these studies further validate the Company's approach to antiviral drug development.

Commercialisation

The Company's preclinical and clinical development activities are undertaken with the sole aim of achieving a commercial outcome for its promising antiviral programs.

The COVID-19 pandemic and other infectious disease outbreaks in recent years highlight the importance of novel approaches such as Biotron's viroporin compounds which have the potential to target a broad range of existing and emerging viruses. Therapeutic drugs such as those in development by Biotron are vital in the fight against pandemics.

Licensing or sale of innovative technology and products by biotechnology companies such as Biotron to major pharmaceutical company partners first requires demonstration of clinical efficacy. The Company has been sharing information on its antiviral programs with potential partners in the pharmaceutical industry since early preclinical development.

Discussions with pharmaceutical companies are iterative in nature. Every successful series of experiments or clinical trial generates another series of questions that will guide the decision-making process on the side of commercial partners. Good, well-founded science is core to success. Feedback from potential partners, as well as advice from experienced international clinical, regulatory and industry advisors has informed every step of development activities undertaken by the Company.

Biotron has generated a compelling package of preclinical and clinical data supported by a robust patent portfolio. The anticipated data from the two Phase 2 HIV-1 clinical trials plus the Phase 2 COVID-19 clinical trial in the second half of 2023 is expected, if positive, to trigger substantive engagement with potential partners. Groundwork has been laid during previous discussions during the development process. The three clinical trials against two indications have been designed to generate data that will clearly demonstrate to the pharmaceutical industry how BIT225 can be best used in the treatment of HIV-1 and COVID-19.

Phase 2 is generally considered the best time to license technology to a major pharmaceutical company as they have the expertise and resources necessary for late stage clinical development and regulatory approvals in major markets such as the USA. This is not a rapid process, nor is there a guarantee of a successful commercial outcome. But we are significantly closer with the end of the three clinical trials in sight.

We appreciate the ongoing support and patience of shareholders while we work to achieve the long awaited commercial outcomes.

BIOTRON LIMITED

OPERATING AND FINANCIAL REVIEW

Patents

Biotron continues to progress patents related to its antiviral programs through the international patenting process. The Company recognises that the key to establishment of partnerships is the expansion and continued strengthening of Biotron's intellectual property portfolio. Strong, defensible, international patents are essential to attract partners and to ensure a competitive advantage for the Company's products in the marketplace.

TITLE	STATUS
WO04112687 Antiviral compounds and methods Priority – 26 June 2003	Granted in Australia, Brazil, Canada, China, France, Germany, India, Japan, Korea, New Zealand, Singapore, South Africa, United Kingdom and USA Under examination elsewhere (Hong Kong)
WO06135978 Antiviral compounds and methods Priority – 24 June 2005	Granted in Austria, Australia, Belgium, Brazil, Canada, China, Denmark, Germany, Finland, France, Hong Kong, Ireland, Italy, Japan, Korea, Luxembourg, Monaco, The Netherlands, New Zealand, Poland, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom and USA Under examination elsewhere (India)
WO2009/018609 Hepatitis C antiviral compounds and methods Priority – 3 August 2007	Granted in Austria, Australia, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Luxembourg, Monaco, The Netherlands, New Zealand, Poland, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey and United Kingdom Under examination in elsewhere (India)
WO/2018/145148 Methods of Treating Influenza Priority – 8 February 2017	Granted in Belgium, China, France, Germany, Ireland, Italy, Japan, Mexico, The Netherlands, Russia, Singapore, South Africa, Spain, Switzerland, United Kingdom and USA Under examination in Australia, Brazil, Canada, El Salvador, Hong Kong, Korea, New Zealand, and Thailand.
PCT/AU2020/051273 Methods of Treating HIV-1 Infection Priority – 26 November 2019	Under Examination in Canada, China, Israel, Singapore and South Africa Applications filed in Australia, Brazil, Europe, Japan, Korea, Malaysia, Mexico, New Zealand, Russia, Thailand and USA
WO2023092180 Methods of Treating SARS-CoV-2 Priority – 24 November 2021	PCT filed

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BIOTRON LIMITED

OPERATING AND FINANCIAL REVIEW

Outlook

During the next financial year, the Company will be focused on:

- Completing the laboratory and other data analyses for the completed Phase 2 COVID-19 clinical trial discussed above and reporting results of the trials.
- Completing the laboratory and other data analyses for the two completed Phase 2 HIV-1 clinical trials discussed above and reporting results of the trials.
- Sharing data and discussions on its antiviral programs including the HIV-1 and COVID-19 Phase 2 clinical trials with potential pharmaceutical company partners with a view to commercialisation of the Company's antiviral intellectual property.
- Identifying next generation lead compounds for HIV-1 and COVID-19 for progression into formal safety studies.
- Identifying a lead compound for HBV, while continuing to characterise the mechanism of action, for progressing into animal model(s) of infection and formal safety studies.

We look forward to the next year with confidence.

Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



Michael J. Hoy
Chairman



Michelle Miller
Managing Director

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BIOTRON LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2023 Corporate Governance Statement, dated as at and approved by the Board on 25 August 2023, reflects the corporate governance practices throughout the 2023 financial year. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed at <http://www.biotron.com.au/corporate-governance>.

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BIOTRON LIMITED

DIRECTORS' REPORT

Directors

The names and particulars of the directors of the Company at any time during or since the end of the financial year are:

Mr Michael J. Hoy
Independent and Non-Executive Chairman

Mr Hoy has more than 30 years' corporate experience in Australia, the United Kingdom, USA and Asia. He is Chairman of Lipotek Pty Limited and a former director of John Fairfax Holdings Limited and FXF Trust.

Mr Hoy has been a director since 7 February 2000 and Chairman since 16 March 2000.

Dr Michelle Miller, BSc, MSc, PhD, GCertAppFin (Finsia)
Managing Director

Dr Miller has worked for over 25 years in the bioscience industry, with extensive experience in commercial drug development. She completed her PhD in the Faculty of Medicine at Sydney University investigating molecular models of cancer development. Her experience includes several years at Johnson & Johnson developing anti-HIV gene therapeutics through preclinical research to clinical trials. She has finance industry experience from time spent as an Investment Manager with a specialist bioscience venture capital fund.

Dr Miller was appointed as Managing Director on 21 June 2002.

Dr Susan M. Pond AM, MD DSc, FTSE FAHMS
Independent and Non-Executive Director

Dr Pond has a strong scientific and commercial background having held executive positions in the biotechnology and pharmaceutical industry for 12 years, most recently as chairman and managing director of Johnson & Johnson Research Pty Limited (2003 - 2009). Previous non-executive positions include chair of AusBiotech Limited and director of Australian Nuclear Science and Technology Organisation, Wound Management Innovation CRC and Australian Academy of Technological Sciences and Engineering (ATSE). Dr Pond also served as a board member of Commercialisation Australia and Innovation Australia.

Dr Pond is currently director of the Trusted Autonomous Systems Defence Cooperative Research Centre, Vectus Biosystems Ltd and the Australian Phenomics Network. She is a member of the Council of the Queensland University of Technology and a Fellow of the Australian Institute of Company Directors, the Academy of Technological Sciences & Engineering, the Academy of Health and Medical Sciences and the Royal Society of New South Wales.

Dr Pond holds a first-class honours degree in Bachelor of Medicine and Surgery from the University of Sydney and a Doctor of Medicine degree from the University of New South Wales. She obtained specialist clinical credentials in internal medicine, clinical pharmacology and clinical toxicology and held academic appointments at the University of California San Francisco and the University of Queensland before joining industry.

Dr Pond was appointed as a director on 7 March 2012.

Mr Robert B. Thomas, BEc, MSDIA, SF Fin, FICD
Independent and Non-Executive Director

Mr Thomas has over 35 years' experience in the securities industry, with Potter Partners (now UBS), County NatWest and Citigroup.

He is the chairman of Starpharma Holdings Limited and a director of Clarity Pharmaceuticals Limited. He chairs Grahger Retail Securities Pty Ltd and is a director of O'Connell Street Associates Pty Limited.

Mr Thomas has a Bachelor of Economics degree from Monash University (1963 - 1966). He has been a member of the Securities Institute of Australia since 1976 and was appointed as a Fellow to the Institute in 1997. He is a Master Stockbroker and is a Fellow of the Institute of Company Directors.

Mr Thomas was appointed as a director on 7 March 2012.

BIOTRON LIMITED

DIRECTORS' REPORT

***Prof Stephen Locarnini AM, BSc(Hons), PhD, MBBS, FRC(Path)
Independent and Non-Executive Director***

Professor Locarnini is a past director of the World Health Organisation (WHO) Regional Reference Laboratory for Hepatitis B and D for the Western Pacific Region (WPRO). His current major research interests include viral hepatitis, hepatitis vaccines and antiviral chemotherapy with an emphasis on the basic virology of the various agents of hepatitis, the molecular pathogenesis of hepatitis, as well as prevention and public health control measures.

Curative treatments for Hepatitis B infections with antiviral agents represent the current focus for Professor Locarnini who is also interested in intellectual property issues when applied to clinical and diagnostic virology. He is a named inventor on over 20 internationally granted patents.

He worked at the Victorian Infectious Diseases Reference Laboratory (VIDRL, originally Fairfield Hospital Virus Laboratory) from 1989, as Director of Laboratory Services from 1990 to 1998 and, in 1993, he oversaw the amalgamation of all the Fairfield Laboratories into the one service of the VIDRL. He subsequently assumed the position of Head, Research & Molecular Development of VIDRL when the laboratory relocated to Melbourne Health in 1998.

Professor Locarnini is the recipient of numerous awards including the European Association for the Study of Liver Disease (EASL) International Recognition Award in 2010, the Malaysian Liver Foundation's Medal for work on Viral Hepatitis in 2003 and the Gastroenterological Society of Australia (GESA) Distinguished Research Prize in 2013. In 2019 he received the William H. Prusoff HEP DART Lifetime Achievement Award. He is author of 289 peer-reviewed articles, 24 invited editorials and 100 book chapters and reviews and every year delivers numerous invited, plenary, and named lectures at major international meetings and conferences.

Professor Locarnini currently has an academic appointment at the University of Melbourne.

He is a member of the Scientific Advisory Board of a number of emerging as well as established pharmaceutical and biotechnology companies. In 2017, he co-founded the biotech start-up company CLEAR-B with the Morningside-Newton Investment group in Boston, USA focusing on curative strategies for chronic Hepatitis B.

Professor Locarnini was appointed as a director on 23 October 2018.

***Mr Peter J. Nightingale
Company Secretary***

Mr Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Chartered Accountants Australia and New Zealand. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia and the USA including Bolnisi Gold N.L. and Nickel Industries Limited.

Mr Nightingale is currently a director of ASX listed companies Alpha HPA Limited and Prospech Limited and unlisted public company Fulcrum Lithium Ltd.

Mr Nightingale has been Company Secretary since 23 February 1999.

BIOTRON LIMITED

DIRECTORS' REPORT

Directors' Meetings

The number of directors' meetings held and number of meetings attended by each of the directors of the Company, while they were a director, during the year are:

Director	Directors' Meetings	
	No. of Eligible Meetings to Attend	No. of Meetings Attended
Michael J. Hoy	6	6
Michelle Miller	6	6
Susan M. Pond	6	6
Robert B. Thomas	6	6
Stephen Locarnini	6	6

Remuneration Committee Meetings

The remuneration committee meets when required to review matters concerning the committee. During the year, no meetings were held.

Directors' Interests

At the date of this report, the beneficial interests of each director of the Company in the issued share capital of the Company and options, each exercisable to acquire one fully paid ordinary share of the Company are:

Directors	Fully Paid Ordinary Shares	Options	Option Terms (Exercise Price and Term)
Michael J. Hoy	11,217,352	934,780	\$0.06 from 25 November 2022 up to 25 November 2024
Michelle Miller	3,787,500	1,000,000 315,625	¹ \$0.20 from 26 November 2021 up to 29 November 2023 \$0.06 from 25 November 2022 up to 25 November 2024
Susan M. Pond	785,154	65,430	\$0.06 from 25 November 2022 up to 25 November 2024
Robert B. Thomas	4,200,000	268,403	\$0.06 from 25 November 2022 up to 25 November 2024
Stephen Locarnini	800,000	-	

¹ Vesting conditions are based on minimum service periods being achieved.

Following shareholder approval in November 2019, 7,000,000 unlisted options were granted to Michelle Miller. 5,000,000 options expired unexercised on 29 November 2021 and 1,000,000 options expired unexercised on 29 November 2022 and 1,000,000 unlisted options with an exercise price of \$0.20 are outstanding.

During the financial year ended 30 June 2023, the Company granted under a rights issue 1,584,238 listed options to directors that participated in the offer. The listed options are each exercisable at \$0.06 to acquire one fully paid ordinary share exercisable at any time up to 25 November 2024.

There were no options over unissued ordinary shares granted as compensation to directors or executives of the Company during or since the end of the financial year.

Unissued Shares Under Option

At the date of this report, unissued ordinary shares of the Company under option are:

Number of Options	Exercise Price	Expiry Date
¹ 1,000,000	\$0.20	29 November 2023
111,988,423	\$0.06	25 November 2024

¹ Vesting conditions are based on minimum service periods being achieved.

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BIOTRON LIMITED

DIRECTORS' REPORT

All options expire on the earlier of their expiry date or termination of the employee's employment provided the exercise period has been reached. In the event that the employment of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within two months of the date of termination of employment. Any options not exercised within this two month period will lapse. The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of the Company or any other body corporate.

Principal Activities

The principal activities of the Company during the financial year were the funding and management of intermediate and applied biotechnology research and development projects.

Financial Result and Review of Operations

The operating loss of the Company for the financial year after income tax was \$3,492,766 (2022 - \$2,781,083 loss).

A review of the Company's operations for the year is set out in the Operating and Financial Review.

Impact of Legislation and Other External Requirements

There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Company.

Dividends

The directors recommend that no dividend be paid by the Company. No dividend has been paid or declared since the end of the previous financial year.

State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2023.

Environmental Regulations

The Company's operations are not subject to significant environmental regulations under Commonwealth or State legislation in relation to its research projects.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments

During the year ended 30 June 2023, the Company continued to fund and manage its research and development projects. The success of these research projects, which cannot be assessed on the same fundamentals as trading and manufacturing enterprises, will determine future likely developments.

Indemnification of Officers and Auditors

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

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BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited

Principles of compensation - Audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the directors of the Company and the Company Secretary. No other employees have been deemed to be key management personnel.

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The non-executive directors are responsible for evaluating the performance of the executive directors who, in turn, evaluate the performance of all other senior executives. The evaluation process is intended to assess the Company's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally comprises salary and superannuation. Longer term incentives are able to be provided through the Company's Incentive Option Plan at the discretion of the Directors, which acts to align the directors and senior executives' actions with the interests of the shareholders. The vesting conditions of options issued under the plan are based on a minimum service periods being achieved.

The Constitution and ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting.

In the event that the employment or office of the option holder is terminated, any options which have not reached their vesting conditions will lapse and any options which have reached their vesting conditions may be exercised within two months of the date of termination of employment. Any options not exercised within this two month period will lapse. The remuneration disclosed below represents the cost to the Company for the services provided under these arrangements.

No directors or senior executives received performance related remuneration in the prior year.

There were no remuneration consultants used by the Company during the year ended 30 June 2023 or in the prior year. Remuneration is determined based on prevailing market conditions.

Consequences of performance on shareholder wealth - Audited

In considering the Company's performance and benefits for shareholders wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years.

	2023	2022	2021	2020	2019
Net loss attributable to equity holders of the Company	\$3,492,766	\$2,781,083	\$3,194,347	\$3,575,959	\$1,611,799
Dividends paid	-	-	-	-	-
Change in share price	(0.035) cents	0.01 cents	(0.03) cents	0.07 cents	0.05 cents

The overall level of key management personnel's compensation is assessed on the basis of market conditions, status of the Company's projects, and the strategic performance of the Company.

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BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited (continued)

Details of remuneration for the year ended 30 June 2023 - Audited

Details of director and senior executive remuneration and the nature and amount of each major element of the remuneration of each director of the Company, and other key management personnel of the Company are set out below:

	Year	Primary Fees \$	Super-annuation \$	Share Based Payments Options \$	Long term benefits \$	Total \$	Remuneration subject to performance condition %
Directors							
<i>Non-executive</i>							
Michael J. Hoy	2023	75,000	7,875	-	-	82,875	-
(Chairman)	2022	75,000	7,500	-	-	82,500	-
Susan M. Pond	2023	40,000	4,200	-	-	44,200	-
	2022	40,000	4,000	-	-	44,000	-
Robert B. Thomas	2023	40,000	4,200	-	-	44,200	-
	2022	40,000	4,000	-	-	44,000	-
Stephen Locarnini	2023	40,000	4,200	-	-	44,200	-
	2022	40,000	4,000	-	-	44,000	-
<i>Executive</i>							
Michelle Miller	2023	341,457	35,853	-	10,117	387,427	-
(Managing Director)	2022	328,766	32,877	10,585	8,211	380,439	1.6%
Executives							
Peter J. Nightingale	2023	120,000	-	-	-	120,000	-
(Company Secretary)	2022	84,000	-	-	-	84,000	-

No bonuses were paid during the financial year. Options granted to Michelle Miller include performance based vesting conditions, refer below for further details. The Company employed no other key management personnel.

Options granted as compensation – Audited

Details of options granted as compensation to each key management person:

Director	Grant Date	Number of Options Granted	Fair Value at Grant Date	Option Terms (Exercise Price and Term)
Michelle Miller	26 November 2019	¹ 1,000,000	\$14,215	\$0.20 from 26 November 2020 to 29 November 2022
Michelle Miller	26 November 2019	² 1,000,000	\$19,502	\$0.20 from 26 November 2021 to 29 November 2023

¹ Vesting condition of 1 year service period. To exercise, option holders must remain with the Company or exercise within 2 months of the termination of their employment.

² Vesting condition of 2 years service period. To exercise, option holders must remain with the Company or exercise within 2 months of the termination of their employment.

No options were granted to Michelle Miller as compensation during the 2023 and 2022 financial years. During the year ended 30 June 2023 1,000,000 options vested (2022 – 1,000,000) and 1,000,000 options that were issued in prior years expired unexercised (2021- 1,000,000).

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BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited (continued)

- The fair value of the 1,000,000 options at grant date was determined based on a Black- Scholes formula. The model inputs of the options issued, were the Company's share price of \$0.064 at the grant date, a volatility factor of 75.77% based on historic share price performance, a risk free rate of 0.73% based on the 3 year government bond rate and no dividends paid.
- The fair value of the 1,000,000 options at grant date was determined based on a Black- Scholes formula. The model inputs of the options issued, were the Company's share price of \$0.064 at the grant date, a volatility factor of 75.77% based on historic share price performance, a risk free rate of 0.81% based on the 5 year government bond rate and no dividends paid.

Modification of terms of equity-settled share-based payment transactions - Audited

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the Company during the 2023 financial year.

Exercise of options granted as compensation - Audited

There were no shares issued on the exercise of options previously granted as compensation during 2023 and 2022.

Analysis of options and rights over equity instruments granted as compensation - Audited

All options refer to options over ordinary shares of Biotron Limited, which are exercisable on a one-for-one basis.

Director	Options granted		% Vested at year end	Exercised/ forfeited during the year	Expired during the year	Balance at year end	Financial year in which grant vests
	Balance at the beginning of the year	Date					
Michelle Miller	1,000,000	26 November 2019	100%	-	1,000,000	-	¹ 30 June 2021
	1,000,000	26 November 2019	100%	-		1,000,000	² 30 June 2022

¹ Vesting condition of 1 year service period. To exercise, option holders must remain with the Company or exercise within 2 months of the termination of their employment.

² Vesting condition of 2 year service period. To exercise, option holders must remain with the Company or exercise within 2 months of the termination of their employment.

During the year ended 30 June 2023 1,000,000 options vested (2022 – 1,000,000). No options were granted subsequent to year end.

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BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited (continued)

Options and rights over equity instruments - Audited

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

Option holdings 2023 - Audited

	Held at 1 July 2022	Granted/ Purchased	Exercised/ Sold	Expired	Held at 30 June 2023	Vested and exercisable at 30 June 2023	Vested and un-exercisable at 30 June 2023
Directors							
Michael J. Hoy	-	934,780	-	-	934,780	934,780	-
Michelle Miller	2,000,000	315,625	-	(1,000,000)	1,315,625	1,315,625	-
Susan M. Pond	-	65,430	-	-	65,430	65,430	-
Robert B. Thomas	-	268,403	-	-	268,403	268,403	-
Stephen Locarnini	-	-	-	-	-	-	-
Executives							
Peter J. Nightingale	-	659,491	-	-	659,491	659,491	-

Loans to key management personnel and their related parties - Audited

There were no loans made to key management personnel or their related parties during the 2023 and 2022 financial years and no amounts were outstanding at 30 June 2023 (2022 - \$nil).

Other transactions with key management personnel - Audited

The following key management person holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

During the year ended 30 June 2023, Peter J. Nightingale had a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the Company. Fees paid to MIS Corporate Pty Limited during the year amounted to \$144,000 (2022 - \$144,000). There were no outstanding amounts at 30 June 2023 (2022 - \$nil).

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BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited (continued)

Movements in shares - Audited

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

Fully paid ordinary shareholdings and transactions 2023 - Audited

	Held at 1 July 2022	Purchased	Received on exercise of options	Sales	Held at 30 June 2023
Directors					
Michael J. Hoy	9,347,793	1,869,559	-	-	11,217,352
Michelle Miller	3,156,250	631,250	-	-	3,787,500
Susan M. Pond	654,295	130,859	-	-	785,154
Robert B. Thomas	3,663,195	536,805	-	-	4,200,000
Stephen Locarnini	800,000	-	-	-	800,000
Executives					
Peter J. Nightingale	6,594,903	1,318,981	-	-	7,913,884

Service contracts - Audited

In accordance with best practice corporate governance, the Company provided each key management personnel with a letter detailing the terms of appointment, including their remuneration.

Michelle Miller is employed by the Company as Managing Director and is required to provide the Company with three months' notice in order to terminate employment. The contractual salary is \$377,310 (including superannuation).

Non-executive directors - Audited

Total compensation for all non-executive directors is determined by the Board based on market conditions.

End of remuneration report.

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BIOTRON LIMITED

DIRECTORS' REPORT

Non-audit Services

During the year KPMG, the Company's auditor, performed no other services in addition to their statutory duties.

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report.

Details of the amounts paid and accrued to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	2023 \$	2022 \$
Statutory audit		
Audit and review of financial reports - KPMG	<u>72,825</u>	<u>58,735</u>

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 18 and forms part of the Directors' Report for the year ended 30 June 2023.

This report has been signed in accordance with a resolution of the directors and is dated 25 August 2023:



Michael J. Hoy
Chairman



Michelle Miller
Managing Director

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Biotron Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Biotron Limited for the financial period ended 30 June 2023 there have been:

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

KPMG

KPMG

Adam Twemlow

Partner

Brisbane

25 August 2023

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BIOTRON LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Continuing operations			
Other income	5	1,431,283	1,558,525
Administration and consultants' expenses		(696,726)	(228,000)
Depreciation	11	(43,344)	(45,255)
Direct research and development expenses	6	(3,232,374)	(2,821,142)
Employee and director expenses		(919,212)	(882,451)
Rent and outgoings expenses		(10,217)	(5,897)
Other expenses from ordinary activities		(137,451)	(354,905)
Operating loss before financing income		<u>(3,608,041)</u>	<u>(2,779,125)</u>
Interest income		119,664	3,091
Interest expense		(4,389)	(5,049)
Net financing income/(expense)		<u>115,275</u>	<u>(1,958)</u>
Loss before tax		(3,492,766)	(2,781,083)
Income tax expense	9	-	-
Loss for the year		(3,492,766)	(2,781,083)
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(3,492,766)</u>	<u>(2,781,083)</u>
Basic and diluted loss per share (cents)	7	<u>(0.43) cents</u>	<u>(0.40) cents</u>

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

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BIOTRON LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	8	3,984,387	1,741,405
Other assets	10	46,943	20,988
Total current assets		4,031,330	1,762,393
Non-current assets			
Plant and equipment	11	49,890	89,683
Other financial assets – bond deposit		53,930	53,985
Total non-current assets		103,820	143,668
Total assets		4,135,150	1,906,061
Current liabilities			
Trade and other payables	12	532,396	389,166
Employee entitlements	13	384,828	327,235
Lease liability	14	38,582	34,247
Total current liabilities		955,806	750,648
Non-current liabilities			
Employee entitlements	13	-	19,925
Lease liability	14	6,688	42,992
Total non-current liabilities		6,688	62,917
Total liabilities		962,494	813,565
Net assets		3,172,656	1,092,496
Equity			
Issued capital	15	56,890,392	52,843,994
Reserves	15	1,546,030	85,875
Accumulated losses		(55,263,766)	(51,837,373)
Total equity		3,172,656	1,092,496

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

BIOTRON LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Attributable to equity holders of the Company	Notes	Issued Capital \$	Option Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021		52,843,994	105,915	(49,086,915)	3,862,994
Total comprehensive income for the year					
Loss for the year		-	-	(2,781,083)	(2,781,083)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(2,781,083)	(2,781,083)
<i>Transactions with owners, recorded directly in equity</i>					
Contribution by and distribution to owners					
Transfer from reserves to expired options		-	(30,625)	30,625	-
Share based payment		-	10,585	-	10,585
Balance at 30 June 2022	15	52,843,994	85,875	(51,837,373)	1,092,496
Balance at 1 July 2022		52,843,994	85,875	(51,837,373)	1,092,496
Total comprehensive income for the year					
Loss for the year		-	-	(3,492,766)	(3,492,766)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,492,766)	(3,492,766)
<i>Transactions with owners, recorded directly in equity</i>					
Contribution by and distribution to owners					
Ordinary shares and options issued		4,700,731	1,300,000	-	6,000,731
Transaction costs on issue of shares and options		(654,333)	-	-	(654,333)
Transfer from reserves to expired options		-	(66,373)	66,373	-
Share based payment		-	226,528	-	226,528
Balance at 30 June 2023	15	56,890,392	1,546,030	(55,263,766)	3,172,656

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

BIOTRON LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Cash receipts from government grants		1,430,725	1,558,525
Cash receipts from other income		558	-
Cash payments to suppliers and employees (excluding research and development costs)		(1,766,090)	(1,372,871)
Payments for research and development		(3,070,503)	(2,619,744)
Interest received		119,664	3,091
Finance costs		(4,389)	(5,049)
Net cash used in operating activities	16	<u>(3,290,035)</u>	<u>(2,436,048)</u>
Cash flows from investing activities			
Payments for plant and equipment		-	-
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from share and option issues		6,000,731	-
Transaction costs on share and option issues		(427,805)	-
Lease Payments		(39,909)	(33,171)
Net cash from/(used in) financing activities		<u>5,533,017</u>	<u>(33,171)</u>
Net increase/(decrease) in cash held		2,242,982	(2,469,219)
Cash and cash equivalents at 1 July		<u>1,741,405</u>	<u>4,210,624</u>
Cash and cash equivalents at 30 June	8	<u><u>3,984,387</u></u>	<u><u>1,741,405</u></u>

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

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. REPORTING ENTITY

Biotron Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is at Level 2, 66 Hunter Street, Sydney, NSW 2000. The Company is a for-profit entity and is primarily engaged in the funding and management of intermediate and applied biotechnology research and development projects.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements of the Company also comply with International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the directors on 25 August 2023.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 2 (e) – Going concern

(e) Going concern

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

The Company has incurred a trading loss of \$3,492,766 for the year ended 30 June 2023 and has accumulated losses of \$55,263,766 at 30 June 2023. The Company has cash on hand of \$3,984,387 at 30 June 2023 and used \$3,290,035 of cash in operations for the year ended 30 June 2023 and received \$1,430,725 in research and development government incentives. During the year ended 30 June 2023, the Company raised \$6,000,731 before costs for the issue of shares and options. As at 30 June 2023, the Company had net assets of \$3,172,656. These conditions give rise to a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The ongoing operation of the Company is dependent on:

- the Company raising additional funding from shareholders or other parties; and/or
- the Company reducing expenditure in line with available funding.

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The directors have prepared cash flow projections that support the ability of the Company to continue as a going concern for the period 1 July 2023 to 31 August 2024. These cash flow projections include significant ongoing expenditure on research and development activities and assume the Company receives the research and development ('R&D') rebate from the Australian Government and maintains expenditure in line with available funding.

In the event that the Company does not obtain additional funding and/or reduce expenditure in line with available funding, the achievement of which is significantly uncertain until secured or realised, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Application of accounting policies

The accounting policies set out below have been applied to all periods presented in these financial statements and have been applied consistently by the Company.

(b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 July 2022 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(d) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(e) Property, plant and equipment

Property plant and equipment are stated at their historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss using the reducing balance method from the date of acquisition at rates between 13% and 40% per annum.

(f) Government grants

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as other income when the grant becomes receivable and the Company complies with all attached conditions.

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Otherwise, development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(g) Trade and other payables

Trade and other payables are stated at their amortised cost, are non-interest bearing and are normally settled within 60 days.

(h) Employee entitlements

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Long term employee benefits

The Company's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(i) Share capital

Ordinary shares

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

(j) Tax

Income tax comprises of current tax and deferred tax and is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(l) Earnings per share

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options.

(m) Impairment

Financial instruments

The Company recognises expected credit losses ('ECLs'), where material, on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances are always measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(o) Segment reporting

Determination and presentation of operating segments

The Company determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Company's chief operating decision maker.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value, at initial recognition, and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
5. OTHER INCOME			
Research and development rebate		1,430,725	1,558,525
Other income		558	-
		<u>1,431,283</u>	<u>1,558,525</u>

6. LOSS FROM OPERATING ACTIVITIES

Loss from ordinary activities has been arrived at after charging the following items:

Auditors' remuneration paid to KPMG

- Auditor's and review of financial reports		72,825	58,735
Depreciation			
- Office equipment	11	5,687	9,731
- Plant and equipment	11	799	797
- Right of use asset	11	36,858	34,727
Direct research and development expenditure expensed as incurred		3,232,374	2,821,142
Employee entitlements expense		85,703	69,841
Superannuation expense		76,415	74,460

Total employee expenses, including those recognised as direct research and development expenditure for the period ended 30 June 2023 is \$841,848 (2022 - \$951,793).

7. LOSS PER SHARE

The calculation of basic and diluted loss per share at 30 June 2023 was based on the loss attributable to ordinary shareholders of \$3,492,766 (2022 - \$2,781,083 loss) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2023 of 820,841,956 (2022 - 701,932,713), calculated as follows:

Net loss for the year		<u>3,492,766</u>	<u>2,781,083</u>
		2023 Number	2022 Number
Weighted average number of ordinary shares (basic and diluted)			
Issued ordinary shares at 1 July		701,932,713	701,932,713
Effect of shares issued (note 15)		118,909,243	-
Weighted average number of ordinary shares at 30 June		<u>820,841,956</u>	<u>701,932,713</u>

As the Company is loss making, none of the potentially dilutive securities are currently dilutive.

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
8. CASH AND CASH EQUIVALENTS		
Cash at bank	<u>3,984,387</u>	<u>1,741,405</u>
Cash and cash equivalents in the statement of cash flows	<u>3,984,387</u>	<u>1,741,405</u>
9. INCOME TAX EXPENSE		
Current tax expense		
Current year	(1,234,436)	(1,096,100)
Tax losses not recognised	<u>1,234,436</u>	<u>1,096,100</u>
	<u>-</u>	<u>-</u>
Deferred tax expense		
Current year	4,500	14,193
De-recognition of temporary differences	<u>(4,500)</u>	<u>(14,193)</u>
	<u>-</u>	<u>-</u>
Numerical reconciliation between tax expense and pre-tax net profit		
Loss before tax - continuing operations	<u>(3,492,766)</u>	<u>(2,781,083)</u>
Prima facie income tax benefit at the Australian tax rate of 25% (30 June 2022 – 25%)	(873,192)	(695,271)
Increase in income tax expense due to:		
- Adjustments not resulting in temporary differences	466,644	151,866
- Effect of tax losses not recognised	411,048	557,598
- Unrecognised temporary differences	<u>(4,500)</u>	<u>(14,193)</u>
Income tax expense current and deferred	<u>-</u>	<u>-</u>
Deferred tax assets have not been recognised in respect of the following items		
Deductible temporary differences (net)	145,316	149,816
Tax losses	<u>10,285,321</u>	<u>9,874,247</u>
Net	<u>10,430,637</u>	<u>10,024,063</u>
<p>The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits of the deferred tax asset. Deferred tax assets not recognised are calculated at a tax rate of 25% which is the company tax rate that applies from 1 July 2022.</p>		
10. OTHER ASSETS		
Current prepayments	23,877	20,988
GST receivable	<u>23,066</u>	<u>-</u>
	<u>46,943</u>	<u>20,988</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
11. PLANT AND EQUIPMENT		
Office equipment - at cost	244,840	244,840
Accumulated depreciation	<u>(240,507)</u>	<u>(234,820)</u>
	<u>4,333</u>	<u>10,020</u>
Plant and equipment - at cost	514,442	514,442
Accumulated depreciation	<u>(510,735)</u>	<u>(509,936)</u>
	<u>3,707</u>	<u>4,506</u>
Rights of use assets	107,614	181,064
Accumulated depreciation	<u>(65,764)</u>	<u>(105,907)</u>
	<u>41,850</u>	<u>75,157</u>
Total plant and equipment - net book value	<u><u>49,890</u></u>	<u><u>89,683</u></u>

Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

Office equipment

Balance at 1 July	10,020	19,751
Depreciation	<u>(5,687)</u>	<u>(9,731)</u>
Carrying amount at the end of the financial year	<u>4,333</u>	<u>10,020</u>

Plant and equipment

Balance at 1 July	4,506	5,303
Depreciation	<u>(799)</u>	<u>(797)</u>
Carrying amount at the end of the financial year	<u>3,707</u>	<u>4,506</u>

Right of use asset

Balance at 1 July	75,157	5,821
Addition new lease	-	104,063
Rental increase	3,551	-
Depreciation	<u>(36,858)</u>	<u>(34,727)</u>
Carrying amount at the end of the financial year	<u>41,850</u>	<u>75,157</u>
Total carrying amount at the end of the financial year	<u><u>49,890</u></u>	<u><u>89,683</u></u>

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
12. TRADE AND OTHER PAYABLES		
Current		
Creditors	285,229	310,933
Accruals	<u>247,167</u>	<u>78,233</u>
	<u>532,396</u>	<u>389,166</u>

13. EMPLOYEE ENTITLEMENTS

Current		
Employee annual leave provision	137,746	141,077
Long service leave provision	<u>247,082</u>	<u>186,158</u>
	<u>384,828</u>	<u>327,235</u>
Non-current		
Long service leave provision	<u>-</u>	<u>19,925</u>

14. LEASE LIABILITY

Current		
Lease liability	<u>38,582</u>	<u>34,247</u>
Non-current		
Lease liability	<u>6,688</u>	<u>42,992</u>

Set out below are the carrying amounts of the lease liabilities recognised and the movements during the year:

	Office Premises 2023	Office Premises 2022
	\$	\$
Balance at 1 July	77,239	6,347
Addition new lease	-	104,063
Interest expense	4,389	5,049
Rental increase	3,551	-
Payments	<u>(39,909)</u>	<u>(38,220)</u>
Balance at 30 June	<u>45,270</u>	<u>77,239</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
15. CAPITAL AND RESERVES		
Issued and paid up capital		
901,944,902 (2021 – 701,932,713) fully paid ordinary shares	<u>56,890,392</u>	<u>52,843,994</u>

	2023		2022	
	N°	\$	N°	\$
(a) Fully paid ordinary shares				
Balance at the beginning of the financial year	701,932,713	52,843,994	701,932,713	52,843,994
<i>Movement in Ordinary Shares</i>				
Issued ordinary shares 25 November 2022 \$0.03 ¹	200,000,000	4,700,000		
Conversion of options 25 January 2023 \$0.06	11,695	702		
Conversion of options 22 March 2023 \$0.06	494	29		
Less cost of issue	-	(654,333)	-	-
Balance at the end of financial year	<u>901,944,902</u>	<u>56,890,392</u>	<u>701,932,713</u>	<u>52,843,994</u>

¹ In October 2022, the Company offered eligible shareholders to purchase one new share and one listed option for every two shares purchased under a pro-rata renounceable rights issue. Under this offer, the Company issued 140,386,543 ordinary shares and 70,193,272 listed options for cash totaling \$4,211,596. The listed options are each exercisable at \$0.06 to acquire one fully paid ordinary share exercisable at any time up to 25 November 2024.

¹ In November 2022, the Company issued 59,613,457 ordinary shares and 29,806,846 listed options for cash totaling \$1,788,404 under a Share Placement Offer. The listed options are each exercisable at \$0.06 to acquire one fully paid ordinary share exercisable at any time up to 25 November 2024.

Terms and conditions – Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

(b) Share Options

In addition to the 100,000,000 attaching options issued as part of the capital raise during the year, the following options were on issue at 30 June 2023:

- 1,000,000 options with a fair value at grant date of \$0.02, each exercisable at 20 cents to acquire one fully paid ordinary share at any time after the 26 November 2021 up to 29 November 2023. The fair value of the options at grant date was determined based on Black- Scholes formula. The model inputs of the options issued, were the Company's share price of \$0.064 at the grant date, a volatility factor of 75.77% based on historic share price performance, a risk free rate of 0.81% based on the 5-year government bond rate and no dividends paid.
- 12,000,000 options with a fair value at grant date of \$0.0189, each exercisable at 6 cents to acquire one fully paid ordinary share at any time after the 25 November 2022 up to 25 November 2024. The fair value of the options at grant date was determined based on Black- Scholes formula. The model inputs of the options issued, were the Company's share price of \$0.045 at the grant date, a volatility factor of 88.39% based on historic share price performance, a risk free rate of 3.37% based on the 2-year government bond rate and no dividends paid.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The following unlisted options were on issue as at 30 June 2023.

Opening Balance 1 July 2022	Exercise Price	Granted during the year	Expired during the year	Exercised during the year	Closing Balance 30 June 2023
Number	\$	Number	Number	Number	Number
4,500,000	0.20	-	3,500,000	-	1,000,000

The following listed options were on issue as at 30 June 2023.

Opening Balance 1 July 2022	Exercise Price	Granted during the year	Expired during the year	Exercised during the year	Closing Balance 30 June 2023
Number	\$	Number	Number	Number	Number
-	0.06	112,000,118	-	12,189	111,987,929

	2023	2022
	\$	\$
Option Reserves		
Equity based compensation reserve	19,502	85,875
Option premium reserve	<u>1,526,528</u>	<u>-</u>
	<u>1,546,030</u>	<u>85,875</u>
Movements during the period		
Equity based compensation reserve		
Balance at the beginning of period	85,875	105,915
Share based payment expense	-	10,585
Options expired during the period transferred to retained earnings	<u>(66,373)</u>	<u>(30,625)</u>
Balance at end of period	<u>19,502</u>	<u>85,875</u>
Option premium reserve		
Balance at the beginning of period	-	-
Issue of options	<u>1,526,528</u>	<u>-</u>
Balance at end of period	<u>1,526,528</u>	<u>-</u>

Nature and purpose of reserves

Equity based compensation reserve:

The equity based compensation reserve is used to recognise the grant date fair value of options issued but not exercised.

Option premium reserve:

The option premium reserve is used to recognise the grant date fair value and to accumulate proceeds received from the issue of options.

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
16. STATEMENT OF CASH FLOWS		
Reconciliation of cash flows from operating activities		
Loss for the period	<u>(3,492,766)</u>	<u>(2,781,083)</u>
Adjustments for:		
Other income	-	-
Depreciation of plant and equipment	43,344	45,255
Provisions for employee entitlements	37,667	81,076
Share based payments	-	10,585
Changes in assets and liabilities		
Decrease / (Increase) in other assets	(25,955)	10,032
(Decrease) / Increase in trade and other payables	<u>147,675</u>	<u>198,087</u>
Net cash used in operating activities	<u>(3,290,035)</u>	<u>(2,436,048)</u>

17. RELATED PARTIES

Key management personnel and director transactions

The following key management person holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

During the year ended 30 June 2023, Peter J. Nightingale had a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the entity. Fees paid to MIS Corporate Pty Limited during the year, amounted to \$144,000 (2022 - \$144,000). There were no outstanding amounts at 30 June 2023 (2022 - \$nil).

Key management personnel compensation

During the year ended 30 June 2023, compensation of key management personnel totalled \$722,902 (2022 - \$678,939), which comprised primary salary and fees of \$656,457 (2022 - \$607,766), superannuation of \$56,328 (2022 - \$52,377), share based payments of \$nil (2022 - \$10,585) and long service leave of \$10,117 (2022 - \$8,211). During the 2023 and 2022 financial years, no long term benefits or termination payments were paid.

18. SHARE BASED PAYMENTS

The Company has an Incentive Option Plan to provide eligible persons, being employees or directors, or individuals whom the Plan Committee determine to be employees for the purposes of the Plan, with the opportunity to acquire options over unissued ordinary shares in the Company. The number of options granted or offered under the Plan will not exceed 10% of the Company's issued share capital and the exercise price of options will be the greater of the market value of the Company's shares as at the date of grant of the option or such amount as the Plan Committee determines. Options have no voting or dividend rights. The vesting conditions of options issued under the plan are based on a minimum service periods being achieved ranging from 2 to 4 years. There are no other vesting conditions attached to options issued under the plan.

In the event that the employment or office of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within two months of the date of termination of employment. Any options not exercised within this two month period will lapse.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

No options were issued during the year ended 30 June 2023 and 1,000,000 options expired. At 30 June 2023, 1,000,000 options were on issue (2022 – 4,500,000) as detailed in note 15.

The terms and conditions of the options held by key management personnel during the year ended 30 June 2023 are as follows:

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted \$	Total granted Number	Total Exercised/ Expired Number	Exercisable at end of the period number	Balance at end of the period Number
26 November 2019	29 November 2022	¹ 26 November 2020	\$0.20	14,215	1,000,000	1,000,000	-	-
26 November 2019	29 November 2023	² 26 November 2021	\$0.20	19,502	1,000,000	-	1,000,000	1,000,000
				33,717	2,000,000	1,000,000	1,000,000	1,000,000

¹ Vesting condition of 1 year service period. To exercise, option holders must remain with the Company or exercise within 2 months of the termination of their employment.

² Vesting condition of 2 years service period. To exercise, option holders must remain with the Company or exercise within 2 months of the termination of their employment.

There were no employee options outstanding for the year ended 30 June 2023 (2022 – 2,500,000).

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted \$	Total granted Number	Total Exercised/ Expired Number	Exercisable at end of the period number	Balance at end of the period Number
26 November 2019	31 January 2023	¹ 31 January 2021	\$0.20	52,500	2,500,000	2,500,000	-	-

¹ Vesting condition of 1 year service period. To exercise, option holders must remain with the Company or exercise within 2 months of the termination of their employment.

Weighted average of options in the equity based compensation reserve during the year

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Outstanding	1,000,000	\$0.20	4,500,000	\$0.200

The equity based compensation reserve is used to record the options issued to employees, directors and executives of the Company as compensation. Options are valued using the Black-Scholes option pricing model. The weighted average remaining contractual life of share options outstanding at the end of the year in the equity based compensation reserve was 0.42 years (2022 – 0.92).

In October 2022, the Company granted 12,000,000 options (2022 - nil) to the lead manager of the rights issue and share placement offers. The terms and conditions of the options on issue to the lead manager are as follows:

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted \$	Total granted Number	Total Exercised/ Expired Number	Exercisable at end of the period number	Balance at end of the period Number
26 October 2022	25 November 2024	25 November 2022	\$0.06	226,528	12,000,000	-	-	12,000,000

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Company granted listed options as part of the rights issue and share placement offers. The terms and conditions of the listed options on issued are as follows:

Issue Date	Expiry date	Vesting date	Exercise price	Fair value of options granted \$	Options on issue Number	Total Exercised Number	Total Number Expired	Balance at end of the period Number
25 November 2022	25 November 2024	25 November 2022	\$0.06	1,300,000	100,000,118	-	-	100,000,118

During the year, no ordinary shares were issued as a result of the exercise of options granted pursuant to the Incentive Option Plan (2022 - nil).

Fair value of options share-based payment

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the recipients become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vested during the period.

On 26 November 2019, 7,000,000 options were granted to Key Management Personnel with a fair value of \$64,342. On 29 November 2021, 5,000,000 options expired unexercised with a fair value of \$30,625. On 29 November 2022, 1,000,000 options expired unexercised with a fair value of \$14,215. The Black-Scholes formula model inputs were the Company's share price of \$0.064 at the grant date, a volatility factor of 77% based on historic share price performance, a risk-free interest rate of 0.81% based on government bonds and a dividend yield of 0%.

On 26 November 2019, 2,500,000 options were granted to employees with a fair value of \$52,500. On 31 January 2023, these options expired unexercised. The Black-Scholes formula model inputs were the Company's share price of \$0.064 at the grant date, a volatility factor of 77% based on historic share price performance, a risk-free interest rate of 0.81% based on government bonds and a dividend yield of 0%.

The fair value of options granted on 26 October 2022 to the lead manager of the rights issue and share placement offers was \$226,528. The Black-Scholes formula model inputs were the Company's share price of \$0.045 at the grant date, a volatility factor of 88.39% based on historic share price performance, a risk-free interest rate of 3.37% based on government bonds and a dividend yield of 0%.

The fair value of options issued on 24 November 2022 to subscribers of the rights issue and placement offers was \$1,300,000. The Black-Scholes formula model inputs were the Company's share price of \$0.037 at the grant date, a volatility factor of 88.39% based on historic share price performance, a risk-free interest rate of 3.37% based on government bonds and a dividend yield of 0%.

Expenses arising from share-based payment transactions

Total expenses arising from share based payment for equity based compensation transactions recognised during the year ended 30 June 2023 was nil (2022 - \$10,585).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

19. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company's financial instruments comprise deposits with banks, trade and other payables and from time to time short term loans from related parties. The Company does not trade in derivatives or in foreign currency.

The Company manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Company's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. Informal risk management policies are established to identify and analyse the risks faced by the Company.

The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements.

The carrying amounts of the following assets represent the Company's maximum exposure to credit risk in relation to financial assets:

	Note	Carrying amount	
		2023 \$	2022 \$
Cash and cash equivalents	8	3,984,387	1,741,405
Security deposits		<u>53,930</u>	<u>53,985</u>
		<u>4,038,317</u>	<u>1,795,390</u>

Cash and cash equivalents

The Company mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia.

Security deposits

Credit risk on security deposits is very low as it usually consists predominantly of amounts recoverable from a regulated bank in Australia.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The ultimate responsibility for liquidity management rests with the Board. The Company monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Company. At balance date, the Company has available funds of \$3,984,387 for its immediate use.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Less than one year	Between one and five years
	\$	\$	\$	\$
30 June 2023				
Trade and other payables	532,396	(532,396)	(532,396)	-
Lease Liability	45,270	(45,270)	(38,582)	(6,688)
30 June 2022				
Trade and other payables	389,166	(389,166)	(389,166)	-
Lease Liability	77,239	(77,239)	(34,247)	(42,992)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company's income statement is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents and interest bearing security deposits. Changes in interest rates for the current and prior reporting period date would have increased/decreased equity and loss for the period by an immaterial amount.

At balance date, the Company had the following mix of financial assets exposed to variable interest rate risk.

	Note	2023 \$	2022 \$
Financial assets			
Cash and cash equivalents	8	3,984,387	1,741,405
Security deposits		53,930	53,985
Net exposure		<u>4,038,317</u>	<u>1,795,390</u>

The Company had the following fixed interest bearing financial liabilities in the current year.

Financial liabilities

Lease liability	14	45,270	77,239
Net exposure		<u>45,270</u>	<u>77,239</u>

The Company does not have interest rate swap contracts.

Currency risk

The Company is exposed to currency risk on cash and cash equivalents that are denominated in United States currency. The company's gross financial exposure to foreign currency risk at balance date was US\$97 (2022 - US\$97).

The Company is not exposed to price risks.

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BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Company's operations. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

Estimation of fair values

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

20. FINANCIAL REPORTING BY SEGMENTS

The Company operates in one reportable operating segment, being the biotechnology industry in Australia.

21. COMMITMENTS AND CONTINGENCIES

The Company may be party to commercial disputes and litigation in the normal course of business. No material liabilities are expected to arise in respect of the commercial disputes and litigation existing at balance date.

There are no capital commitments at the date of these financial statements.

22. SUBSEQUENT EVENTS

There have been no matters arise in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

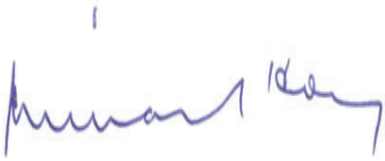
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BIOTRON LIMITED

DIRECTORS' DECLARATION

1. In the opinion of the directors of Biotron Limited:
 - a) the financial statements and notes set out on pages 19 to 39, and the Remuneration Report in the Directors' Report, set out on pages 12 to 16, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2023.
3. The directors draw attention to note 2(a) of the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This report has been signed in accordance with a resolution of the directors and is dated 25 August 2023:



Michael J. Hoy
Chairman



Michelle Miller
Managing Director

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Independent Auditor's Report

To the shareholders of Biotron Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Biotron Limited (the Company).

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

- giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(e), “Going Concern” in the financial report. The conditions disclosed in Note 2(e), indicate a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Company’s assessment of going concern. This included:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Company’s intentions, and past results and practices;
 - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Company’s historical results since year end, and our understanding of the business, industry and economic conditions of the Company;
- Assessing significant non-routine forecast cash inflows and outflows including the expected impact of planned capital raisings for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty.
- Reading minutes of directors’ meetings and relevant correspondence with the Company’s advisors to understand the Company’s ability to raise additional shareholder funds, and assess the level of associated uncertainty.
- Evaluating the Company’s going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Company’s plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Direct research and development expenditure - \$3,232,374	
Refer to Note 6 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Direct research and development expenditure is a key audit matter due to the significance of the amount (being 64% of total expenses) and the audit effort associated with assessing the completeness, existence and accuracy of the amounts recorded by the Company.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessing the Company’s accounting policy for research and development expenditure against the requirements of the accounting standards; • Selecting a statistical sample of items recorded as direct research and development expenditure and checking the expenditure amount recorded for consistency to invoices from third parties or other underlying documentation; • For the sample identified above, checking the nature of the expenditure for consistency with its classification as direct research and development expenditure, in accordance with the Company’s accounting policy and the criteria in the accounting standards; and • Testing the completeness of direct research and development expenditure recorded in the year by checking payments recorded since year end and unprocessed invoices for evidence of the timing of the transactions. We selected our sample from the Company’s payments made since balance date, and unprocessed invoices at the date of our testing, and checked the timing of the transaction to the underlying documentation.

Other Information

Other Information is financial and non-financial information in Biotron Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Biotron Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 12 to 16 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Adam Twemlow

Partner

Brisbane

25 August 2023

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ADDITIONAL STOCK EXCHANGE INFORMATION

Home Exchange

The Company is listed on the ASX Limited. The home exchange is Sydney.

Use of Cash and Assets

Since the Company's listing on the ASX, the Company has used its cash and assets in a way consistent with its stated business objectives.

Class of Shares and Voting Rights

There is only one class of shares in the Company, fully paid ordinary shares.

The rights attaching to shares in the Company are set out in the Company's Constitution. The following is a summary of the principal rights of the holders of shares in the Company.

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share registered in the shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by at least 5 shareholders entitled to vote on the resolution or shareholders with at least 5% of the votes that may be cast on the resolution on a poll.

Distribution of Equity Securityholders

As at 31 July 2023, the distribution of each class of quoted equity securityholders was as follows:

Range	Fully Paid Ordinary Share Holders	Total Number of Shares	25 November 2024 \$0.06 Listed Options	Total Number of \$0.06 Listed Options	29 November 2023 \$0.20 unlisted Options	Total Number of \$0.20 Unlisted Options
1 - 1,000	200	50,046	187	118,995		
1,001 - 5,000	949	3,411,663	319	924,905		
5,001 - 10,000	1,038	8,275,365	139	1,100,562		
10,001 - 100,000	2,764	105,259,780	334	12,674,473		
100,001 and over	1,183	784,948,048	149	97,168,994	1	1,000,000
	6,134	901,944,902	1,128	111,987,929	1	1,000,000

At 31 July 2023, 2,822 shareholders held less than a marketable parcel of shares.

Type of securities	Number of holders	Number of securities
Ordinary shares	6,134	901,944,902
Listed Options	1,128	111,987,929
Unlisted options	1	1,000,000

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Twenty Largest Quoted Shareholders

At 31 July 2023 the twenty largest fully paid ordinary shareholders held 18.87% of fully paid ordinary as follows:

Name	Fully Paid Ordinary Shares	%
1 Jey Investment Pty Ltd	24,240,000	2.69
2 Rookharp Capital Pty Limited	15,267,176	1.69
3 Umbiram Pty Ltd <Michael Hoy Super Fund A/C>	11,217,352	1.24
4 Dr Angela Fay Dulhunty	10,000,000	1.11
5 Citicorp Nominees Pty Limited	9,464,208	1.05
6 Fordholm Investments Pty Ltd <Fordholm Super Fund A/C>	9,300,000	1.03
7 DNS Accounting and Law Consultancy Pty Ltd	9,089,820	1.01
8 Mr Travis Fountain	8,897,892	0.99
9 Attollo Copia Pty Ltd <F A Pires Super Fund A/C>	7,770,678	0.86
10 Sked Proprietary Limited <Sked Superannuation Fund A/C>	7,462,000	0.83
11 William John Dunn	7,300,000	0.81
12 Pathold No 222 Pty Ltd	7,010,000	0.78
13 Armco Barriers Pty Ltd	7,000,000	0.78
14 Mrs Zi Juan QI <Chen Family A/C>	5,878,488	0.65
15 Edstop Pty Limited <Superannuation Fund A/C>	5,845,906	0.65
16 Mrs Yang Wang <Aust West Coast Travel A/C>	5,108,912	0.57
17 Standby Forty-Six Pty Limited	5,000,000	0.55
18 Scott's A V Pty Ltd <Scotts Acorn EMP S/F A/C>	4,918,000	0.55
19 Mr Travis Paul Gloury	4,819,355	0.53
20 Vicex Holdings Proprietary Limited <Vicex Super A/c>	4,600,000	0.51

There are no current on-market buy-backs.

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Twenty Largest Quoted Optionsholders

At 31 July 2023 the twenty largest listed optionholders held 50.03% of fully paid ordinary as follows:

Name	25 November 2024 \$0.06 Listed Options	%
1 Rookharp Capital Pty Limited	7,633,588	6.82
2 Mr James Anthony Laird	4,447,336	3.97
3 Mrs Zi Juan Qi <Chen Family A/C>	3,816,794	3.41
4 Mrs Yan Wang <Aust West Coast Travel A/C>	3,816,794	3.41
5 Fordholm Investments Pty Ltd <Fordholm Super Fund A/C>	3,700,000	3.30
6 Mr Darryl J Marraffa	3,000,495	2.68
7 Saf It Consulting Group Pty Limited	2,681,602	2.39
8 Bmmdh Pty Ltd <The Halder Super Fund A/C>	2,519,715	2.25
9 Mr Michael Carabott	2,350,312	2.10
10 3m Holdings Pty Limited <3m Investment Spec A/C>	2,290,077	2.04
11 Mr Casey Joseph Iddon	2,225,000	1.99
12 Mr Paul Antony Stoneham	2,160,000	1.93
13 Jey Investment Pty Ltd	2,020,000	1.80
14 Sandwich Holdings Pty Ltd	2,000,000	1.79
15 Mr William Xi Qu Yan + Ms Ai Wen Liang	2,000,000	1.79
16 Mr Travis Fountain	1,972,993	1.76
17 Mr Scott William Thornton	1,396,858	1.25
18 Mr Peter William Goodall	1,000,000	0.89
19 Matano Trading Pty Ltd	1,000,000	0.89
20 Mr Edward Patrick O'brien	1,000,000	0.89
20 Pathold No 222 Pty Ltd	1,000,000	0.89
20 Mr Cameron William Eric Robinson	1,000,000	0.89
20 Scintilla Strategic Investments Limited	1,000,000	0.89

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CORPORATE DIRECTORY

Directors:

Mr Michael J. Hoy (Chairman)
Dr Michelle Miller (Managing Director)
Dr Susan M. Pond
Mr Robert B. Thomas
Prof Stephen Locarnini

Company Secretary:

Mr Peter J. Nightingale

Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone: 61-2 9300 3344
Fax: 61-2 9221 6333
E-mail: enquiries@biotron.com.au
Homepage: www.biotron.com.au

Principal Administration Office:

Suite 3.3, 56 Delhi Road
NORTH RYDE NSW 2113
Phone: 61-2 9805 0488
Fax: 61-2 9805 0688

Share Registrar:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
SYDNEY NSW 2000
Phone: 1300 787 272 Fax: +61 3 9473 2500

Auditors:

KPMG Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Home Exchange:

ASX Limited 20 Bridge Street
SYDNEY NSW 2000

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000

Biotron Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

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