ASX Announcement
28 February 2024

Appendix 4D & FY24 Interim Report

Microba Life Sciences Limited (ASX: MAP) ("Microba" or the "Company") a precision microbiome company, is pleased to announce its results for the six-month period ending 31 December 2023 ("H1 FY24").

Key Highlights

- **Successful acquisition of United Kingdom microbiome company, Invivo Clinical**
  - Acquisition completed on 5 December 2023
  - Invivo has established a base of over 1,700 active customers, and an engaged list of additional 5,800 prospective customers in the UK
  - Invivo is operating cashflow positive and has never raised external capital.
  - Invivo unaudited sales in H1 FY24* totalled $4.39m AUD.
- **Strong growth for MetaXplore™ test uptake in Australia**
  - Over 2,700 tests sold
  - Over 1,000 registered healthcare professional accounts.
- **Prepared for MetaPanel™ test launch with Sonic Healthcare**
  - Microba and Sonic Healthcare have built technology integrations, logistics workflows, executed clinical test validation procedures, interviewed clinicians and developed marketing materials
  - Launch plan upgraded to a national launch in March 2024 beginning with Victoria, New South Wales and Queensland.
- **Therapeutic program advancement**
  - Inflammatory Bowel Disease program – successful Phase I clinical trial completed, demonstrating MAP 315 is safe and well tolerated.
  - Immuno-oncology program – animal model and immunological data confirms anti-tumour activity
  - Autoimmune disease program – Stage 1 screening completed. 35 strains selected for stage 2 functional screening.
- **Additional achievements**
  - Second agreement executed with IFF (NYSE: IFF) to develop novel microbiome-based treatments for multiple forms of allergy
  - New agreement executed with SYNLAB to deliver Microba's testing into Norway, Serbia and additional European countries.
- **Financial metrics**
  - $27.85 million in cash and equivalents at 31 December 2023
  - H1 revenue result of $3.27m, up 52% YoY
  - H1 cash receipts from customers totalling $3.69m.

* United Kingdom Financial Year H1 1 April to 31 September 2023

Microba Life Sciences Ltd ABN 82 617 096 652
Level 10, 324 Queen Street, Brisbane QLD 4000 Australia
T: 1300 974 621 **E:** investor@microba.com **W:** microba.com

ASX Announcement
28 February 2024

Commenting on the Interim Report, Microba CEO Dr Luke Reid said:

"Microba's testing business revenue continues to grow. We have been laying down the foundations to bring microbiome testing into healthcare and can see 2024 as a breakthrough year for the Company's testing business. The acquisition of Invivo Clinical supports our growth strategy with an established customer base in the United Kingdom and growth synergies. The upcoming launch of our world-first advanced Infectious Disease test MetaPanel™ together with Sonic Healthcare is expected to be a pivotal milestone."

"Microba's Therapeutic Development Programs continue to advance strongly. The Company successfully completed the Phase I clinical trial of lead candidate MAP 315 under the Company's Inflammatory Bowel Disease program, our Autoimmune program with Ginkgo Bioworks (NYSE: DNA) moved into the Second and Final Stage of the discovery program, and we've signed a Second Agreement to develop novel allergy treatments with IFF (NYSE: IFF). These results continue to validate Microba's therapeutic platform and the Company is set to continue advancement of these programs in 2024"

Microba delivers strong progress in H1 FY24

Microba has delivered strong progress in the first half of FY24, achieving a H1 revenue result of $3.27m, up 52% on the prior corresponding period. This is underpinned by growth in MetaXplore™ sales in Australia and international sales, particularly with major European partner SYNLAB.

In addition to growth in the testing business, Microba has made significant progress in its three therapeutic programs, including Inflammatory Bowel Disease, Immuno-oncology, and Autoimmune diseases.

As at 31 December 2023, Microba had $27.85 million in cash and equivalents.

Outlook

Through multiple years of investment, Microba is positioned at the forefront of the medical application of microbiome testing and therapeutic development from the microbiome. For the Company's testing business, the stage is now set with Microba's microbiome test MetaXplore™ launched in Australia to healthcare professionals and growing, and Microba's advanced pathogen test MetaPanel™ is about to be launched nationwide in Australia with Sonic Healthcare. Alongside this, international sales channels are in place to receive these products, with focus on the United States and the United Kingdom.

Microba's therapeutic development business has matured to a clinical stage drug development company with a Phase I clinical trial successfully completed for MAP 315. These results continue to validate Microba's therapeutic platform and support the continued advancement of the company's programs and therapeutic assets to provide new treatment for chronically ill patients, and deliver a return to shareholders.

2024 is expected to be a breakthrough year for the Company.

This announcement has been authorised for release by the Board of Directors

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ASX Announcement
28 February 2024

For further information, please contact:

Dr Luke Reid

Chief Executive Officer

E: Luke.Reid@microba.com

About Microba Life Sciences Limited

Microba Life Sciences is a precision microbiome company driven to improve human health. With world-leading technology for measuring the human gut microbiome, Microba is driving the discovery and development of novel therapeutics for major chronic diseases and delivering gut microbiome testing services globally to researchers, clinicians, and consumers. Through partnerships with leading organisations, Microba is powering the discovery of new relationships between the microbiome, health and disease for the development of new health solutions.

For more information visit: www.microba.com

Microba encourages all current investors to go paperless by registering their details with the designated registry service provider, Automic Group.

Microba Life Sciences Limited and controlled entities
Appendix 4D
Half-year report

1. Company details

Name of entity:	Microba Life Sciences Limited
ABN:	82 617 096 652
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	52.1%	to	3,272,855
Loss from ordinary activities after tax attributable to the owners of Microba Life Sciences Limited	up	102.3%	to	(11,488,179)
Loss for the half-year attributable to the owners of Microba Life Sciences Limited	up	102.3%	to	(11,488,179)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $11,488,179 (31 December 2022: $5,679,188).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.64	10.42

4. Control gained over entities

On 5 December 2023, the Company acquired 100% of the issued share capital in UK registered Invivo Clinical Limited (Invivo) for a purchase price of $17,353,663. Invivo is a microbiome testing leader for healthcare professionals in the United Kingdom. Invivo has established a base of over 1,700 active customers, and an engaged list of additional 5,800 prospective customers. In addition to its leading position in Gastrointestinal microbiome testing services, Invivo has testing products spanning Vaginal, Oral and Urinary testing, together with a targeted set of evidence-based intervention formulations.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

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

11. Attachments

Details of attachments (if any):

The Financial Report of Microba Life Sciences Limited for the half-year ended 31 December 2023 is attached.

12. Signed

Signed _____ Date: 28 February 2024

Pasquale Rombola
Director
Brisbane

Authorised for release by the Board.

MICROBA™

Interim Financial Report

For the six months ended 31 December 2023

Microba Life Sciences Limited
and controlled entities

Performance Highlights

MICROBA

invivo

Successful acquisition of United Kingdom microbiome company, Invivo Clinical

- Acquisition completed on 5 December 2023.
- Invivo has established a base of over 1,700 active customers, and an engaged list of additional 5,800 prospective customers in the UK.
- Invivo is operating cashflow positive and has never raised external capital.
- Invivo unaudited sales in H1 FY24* totalled $4.39m AUD.

MetaXplore™

Strong growth for MetaXplore™ test uptake in Australia

- Over 2,700 tests sold.
- Over 1,000 registered healthcare professional accounts.

SONIC HEALTHCARE

MetaPanel™

Prepared for MetaPanel™ test launch with Sonic Healthcare

- Microba and Sonic Healthcare have built technology integrations, logistics workflows, executed clinical test validation procedures, interviewed clinicians and developed marketing materials.
- Launch plan upgraded to a national launch in March 2024 beginning with Victoria, New South Wales and Queensland.

Therapeutic program advancement

- Inflammatory Bowel Disease program – successful Phase I clinical trial completed, demonstrating MAP 315 is safe and well tolerated.
- Immuno-oncology program – animal model and immunological data confirms anti-tumour activity.
- Autoimmune disease program – Stage 1 screening completed. 35 strains selected for stage 2 functional screening.

iff

SYNLAB

Additional achievements

- Second agreement executed with IFF (NYSE: IFF) to develop novel microbiome-based treatments for multiple forms of allergy.
- New agreement executed with SYNLAB to deliver Microba's testing into Norway, Serbia and additional European countries.

$27.85m

Financial metrics

- $27.85 million in cash and equivalents at 31 December 2023.
- H1 revenue result of $3.27m, up 52% YoY.
- H1 cash receipts from customers totalling $3.69m.

* United Kingdom Financial Year H1 1 April to 31 September 2023.

Corporate Directory

MICROBA™

Directors	Pasquale Rombola Ian Frazer Gene Tyson Richard Bund Hyungtae Kim Jacqueline Fernley
Key management personnel	Luke Reid (Chief Executive Officer) James Heath (Chief Financial Officer)
Company secretaries	James Heath Peter Webse
Registered office and principal place of business	Microba Life Sciences Limited Level 10 324 Queen Street Brisbane QLD Australia
Share register	Automic Pty Ltd Level 35 477 Collins Street Melbourne VIC Australia
Auditor	Pitcher Partners Level 38 345 Queen Street Brisbane QLD Australia
Solicitors	Thomson Geer Level 28 1 Eagle Street Brisbane QLD Australia
Stock exchange listing	Microba Life Sciences Limited shares are listed on the Australian Securities Exchange (ASX code: MAP)
Website	www.microba.com
Corporate Governance Statement	The Company's corporate governance statement is located at the Company's website: ir.microba.com/corporate-governance/

01

Review of Operations

Review of Operations

The Directors of Microba Life Sciences Limited (ASX: MAP) ("Microba" or the "Company") are pleased to present their Review of Operations for the half-year ended 31 December 2023 ("H1 FY24") in conjunction with the financial statements of Microba Life Sciences Limited and its subsidiaries (together referred to as the "Group"), and the auditor's report thereon. The financial statements have been reviewed by the Company's auditor and approved by the Directors.

Over the past 6 years, Microba has invested to bring its advanced microbiome testing technology into routine healthcare, and the stage is now set with accelerating MetaXplore microbiome test growth, the upcoming national launch of the MetaPanel pathogen test with Sonic Healthcare, and an established team and customer base in the United Kingdom poised for growth.

Microba's progress in the first half of FY24 delivered a H1 revenue result of $3.27m, up 52% on the prior corresponding period. This was underpinned by growth in MetaXplore sales in Australia and international sales, particularly with major European partner SYNLAB.

Alongside Microba's testing business progress, the Company matured its drug discovery business and advanced to a clinical stage drug development company with a Phase I clinical trial successfully completed for lead candidate MAP 315 under the Company's Inflammatory Bowel Disease (IBD) program. Significant advancements were also made on the Company's preclinical programs confirming tumor activity under the company's Immuno-Oncology program, and completing Stage 1 screening and down selection to 35 leads under the Company's Autoimmune disease program in partnership with Ginkgo Bioworks (NYSE: DNA).

The net loss before income tax for the Group in H1 FY24 was $11.49m, an increase on the prior period of $5.68m. This increase in loss is largely attributed to the R&D investment in advancement of Microba's therapeutic programs which are building asset value for shareholders.

As at 31 December 2023, Microba had $27.85m in cash and equivalents.

Testing Business Advancement

Successful acquisition of Invivo Clinical

In H1 FY24, Microba acquired 100% of the issued share capital in UK registered company, Invivo Clinical Limited (Invivo), the acquisition completed on December 5, 2023.

Invivo is a pioneer in microbiome testing for healthcare professionals in the United Kingdom. Invivo has established a base of over 1,700 active customers, and an engaged list of additional 5,800 prospective customers. In addition to its leading position in Gastrointestinal microbiome testing services, Invivo has products spanning Vaginal, Oral and Urinary testing, together with a targeted set of evidence-based supplements.

With more than 20,000 microbiome tests sold since 2020, Invivo reported revenue of A$8.9 million for FY23. Unaudited sales in H1 FY24* totalled $4.39m AUD. Invivo is operating cashflow positive and has never raised external capital.

The acquisition of Invivo aligns to Microba's core testing services growth strategy. The United Kingdom is a key market in the next phase of Microba's international expansion. Acquiring a market leading position, customer and geographical base in the United Kingdom, together with Sonic Healthcare provides deep access to the entire UK healthcare market spanning private practice and the public NHS environment.

The Invivo integration process is proceeding well, with strategic growth planning well advanced to unlock growth within the existing business, and to unlock multiple synergies between Microba and Invivo including the delivery of MetaXplore into the United Kingdom.

Review of Operations

Growth for MetaXplore™ microbiome testing with Australian healthcare professionals

Following the Australian launch of Microba's next generation microbiome test, MetaXplore™ in H2 FY23, in H1 FY24 the Company has seen a strong initial response from healthcare professionals with:

- Over 2,700 tests sold through healthcare professional referrals
- Over 1,000 registered healthcare professional accounts

The MetaXplore™ test provides the most comprehensive gastrointestinal testing solution available to Healthcare Professionals combining diagnostic gastrointestinal health tests with metagenomic-driven gut microbiome analysis. The test can be accessed in Australia via a healthcare professional, and is expected to next be delivered into the United Kingdom through Invivo Clinical. The MetaXplore™ test range developed together with healthcare professionals, aims to address a large addressable market with >30% of the population suffering from a functional gastrointestinal disorder and with >15% regularly visiting a healthcare professional for support[1].

Microba's advanced infectious disease test MetaPanel™ with Sonic Healthcare scheduled for national launch

Across H1 FY24, Microba and Sonic Healthcare have built technology integrations and logistics workflows, executed clinical test validation procedures, interviewed clinicians and developed marketing materials together in preparation to launch Microba's MetaPanel™ infectious disease test to healthcare professionals.

The launch plan was upgraded together with Sonic Healthcare to a national launch beginning with Victoria, New South Wales and Queensland in March 2024.

MetaPanel™ is an advanced accredited metagenomic diagnostic test which has been designed to identify a comprehensive panel of pathogenic microorganisms and genes to advance the standard of care in gastrointestinal infectious disease pathology. Further information will be shared on this product and the commercial opportunity over the coming quarters aligned to the launch of this product.

Growth in international testing revenue

In H1 FY24, International Personal Testing revenue was up 209% on the prior half, driven by growth of partner sales, expanding distribution partner network and the recent Invivio Clinical acquisition. Major partner SYNLAB, Europe's largest medical diagnostic company, revenues were up 128% on the prior half, driven principally by sales in Spain, Italy and Hungary.

The Company continues to advance its distribution partner network with active operations now established in 16 countries. The below table summarises the current stage of Microba's distribution partners and international operations.

Stage	Countries & Partners
Planning & Contracting	18 countries (Including Sonic Healthcare companies)
Operationalisation	United States (LUM), Australia (SHL), Brazil (SYAB)
Sales & Marketing Activation	United Arab Emirates (G42), Portugal (SYAB), Czech Republic (SYAB), Türkiye (SYAB), Croatia (SYAB), Hungary (SYAB), United States (GEN), Norway (SYAB), Serbia (SYAB), Slovenia (SYAB)[2]
Execution & Growth	Australia (MAP), Australia (MG), New Zealand (MG), Spain (SYAB), Italy (SYAB), Romania (SYAB), United Kingdom (IVO)

SHL = Sonic Healthcare
SYAB = SYNLAB affiliate organisation
G42 = G42 Healthcare
GEN = Genova
LUM = Luminary Health Centers
MH = Midnight Health
MG = Metagenics
MAP = Microba
IVO = Invivo Clinical

Review of Operations

Therapeutic Business Advancement

Inflammatory Bowel Disease Program – Successful Phase I Clinical Trial

During H1 FY24, the Company made substantial progress in developing its lead drug candidate, MAP 315.

In December 2024, the Phase I clinical trial of MAP 315 was successfully completed, demonstrating it is safe and well tolerated at both low and high doses.

Summary of key MAP 315-001 study results:

- MAP 315 had a favourable safety and tolerability profile across both low and high dose cohorts.
- There were no clinically significant safety signals from safety assessments including ECGs and laboratory analysis of haematology, coagulation, clinical chemistry or urinalysis parameters.
- There was no evidence of translocation of MAP 315 into the bloodstream.
- There was no impact on inflammatory biomarkers.
- All participants completed the study and all dosing.
- All reported adverse events (AEs) were mild (e.g. headache), with a higher proportion reported in the placebo group and there were no AEs that led to study discontinuation or drug withdrawal.
- Treatment related AEs were minimal, transient and comparable between the MAP 315 and placebo treatment groups.
- Ongoing assessment of faecal kinetics by metagenomic analysis detects the presence of MAP 315 at the terminal 28-day analysis timepoint, 14 days after the completion of dosing, indicating the ability to successfully deliver live MAP 315 into the gastrointestinal tract.

Additionally, during H1 FY24, additional data was generated supporting a multi-modal mechanism of action (MoA) for MAP 315. This includes demonstration of secreted bioactive compounds which enhance epithelial cell migration and maintenance of tight junctions. Further, MAP 315 has been shown to suppress pro-inflammatory responses and stimulate key anti-inflammatory cytokines in human peripheral blood mononuclear cell studies.

Taken together, the Phase I and MoA data provide strong support for continuing to advance the clinical development of MAP 315 for the treatment of Ulcerative Colitis. Data from the trial is expected to be compiled and submitted for peer review publication. Preparation for a Phase II trial is well advanced, and the team are active in market exploring options in relation to the Phase II strategy.

MAP 315 is being developed for the treatment of Ulcerative Colitis (UC), a debilitating form of Inflammatory Bowel Disease (IBD) with >50% of patients unable to achieve sustained remission with current standard of care. The market for UC treatment was valued at US$7.5b in 2020 and is forecast to grow to US$10.8b by 2030[3].

Immuno-Oncology Program – Multiple immunological pre-clinical experiments completed to support candidate selection

During H1 FY24 multiple pre-clinical experiments were completed for Microba's Immuno-Oncology Program leads, demonstrating their anti-tumour activity.

This involved:

- A first melanoma mouse model refractory to immune checkpoint inhibitor (ICI) therapy, demonstrating a significant reduction in tumour volume.
- A second Immune Checkpoint Inhibitor (ICI) responsive colon adenocarcinoma MC38 syngeneic mouse model, which demonstrated again that Microba's therapeutic leads are able to significantly reduce tumour burden.
- Additional immunological studies demonstrating activity consistent with induction of a specific and targeted immune response including:

Review of Operations

- Changes in cytokine and chemokine profiles consistent with anti-tumour activity; and
- Identification of significantly enhanced immune cell infiltration by immunohistochemistry in microbiome and ICI treated animals compared to ICI alone.

Microba will continue to advance these studies to enable selection of a therapeutic candidate in H2 FY24.

This program is targeting the development of a therapeutic to improve response rates in cancer patients receiving ICI therapy. Global ICI sales continue to grow, with Merck announcing sales of the market-leading drug Keytruda of US$25b for calendar year 2023[4].

Autoimmune Disease Program – Stage 1 Screening Complete

In H1 FY24, the Company made positive progress on its Autoimmune Disease Program in partnership with Ginkgo Bioworks (NYSE: DNA).

Stage 1 activity screening was successfully completed demonstrating that a significant number of Microba's leads displayed potent anti-inflammatory and/or anti-fibrotic activities.

The Stage 1 screening analysed 182 strains selected through Microba's data driven drug discovery platform and delivered a robust biological activity rate:

- 62% of strains displaying significant immunomodulatory activity; and
- 18% demonstrating significant impact on the inflammasome

35 strains[5] have now been selected to move into Stage 2 functional screening to support discovery program completion and lead candidate selection in Q4 FY24.

Microba's Autoimmune Disease program was established in partnership with Ginkgo Bioworks (NYSE: DNA) in FY22 following their strategic investment into Microba's IPO, and embodies a 2-year discovery program principally targeting three autoimmune disorders (lupus, psoriatic arthritis and autoimmune liver diseases). The global market for autoimmune disease treatments was estimated to be US$198b in 2023 and forecast to grow to US$288b by 2028[6].

Other H1 FY24 highlights

Second agreement executed with IFF to develop novel microbiome-based treatments for multiple forms of allergy

In December, Microba signed a research agreement with International Flavors & Fragrances (IFF) as part of an ongoing multistage research program between the parties to develop novel microbiome-based treatments for multiple forms of allergy.

The Research Agreement marks the second agreement between Microba and IFF, which is a follow up to the initial research services agreement executed on 9 November 2021. Under the Initial Agreement, for Stage 1, Microba completed the identification of lead species and IFF was entitled to select multiple to advance into a next stage of research and development.

IFF has now selected a number of Project Species to move forward into Stage 2. The Stage 2 project is to complete the successful isolation of strains selected from Stage 1 and characterisation of those strains.

Over the term of the Research Agreement, IFF shall pay Microba approximately AUD $924,150. Under the Research Agreement, IFF has an exclusive option to license strains for development and commercialisation, which if executed may result in royalty payments to Microba.

Expansion in European distribution with SYNLAB

In August 2023 an agreement was executed with SYNLAB to establish a distribution hub to enable distribution into additional European countries with demand for Microba's testing, including Norway and Serbia.

Review of Operations

Outlook

Through multiple years of investment, Microba is positioned at the forefront of the medical application of microbiome testing and therapeutic development from the microbiome. For the Company's testing business, the stage is now set with Microba's microbiome test MetaXplore launched in Australia to healthcare professionals and growing, and Microba's advanced pathogen test MetaPanel about to be launched nationwide in Australia with Sonic Healthcare. Alongside this, international sales channels are in place to receive these products, with focus on the United States and the United Kingdom.

Microba's therapeutic development business has matured to a clinical stage drug development company with a Phase I clinical trial successfully completed for MAP 315. These results continue to validate Microba's therapeutic platform and support the continued advancement of the company's programs and therapeutic assets to provide new treatment for chronically ill patients, and deliver a return to shareholders.

2024 is expected to be a breakthrough year for the Company.

References

* United Kingdom Financial Year H1 1 April to 31 September 2023.

[1] Sperber, Ami D., et al. (2021): 99-114. DOI: 10.1053/j.gastro.2020.04.014.

[2] Poland affiliate has been divested by SYNLAB, and Slovenia has begun sales.

[3] https://www.nature.com/articles/d41573-021-00194-5 , https://www.alliedmarketresearch.com/ulcerative-colitis-market.

[4] https://www.merck.com/news/merck-announces-fourth-quarter-and-full-year-2023-financial-results/.

[5] Initial selection was 36. 1 has been removed for commercial opportunity considerations. As part of the screening further down selection will occur.

[6] https://www.prnewswire.com/news-releases/global-autoimmune-treatment-market-soars-to-288-32-billion-by-2028--driven-by-a-7-72-cagr-from-2023--301909189.html.

02

Directors' Report

Microba Life Sciences Limited and controlled entities
Directors' report
For the half-year ended 31 December 2023

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

Directors and Company Secretaries

The following persons were Directors of Microba Life Sciences Limited during the half-year period and up to the date of this report, unless otherwise stated:

Pasquale Rombola	Independent Non-Executive Director
Ian Frazer	Independent Non-Executive Director
Gene Tyson	Non-Executive Director
Richard Bund	Non-Executive Director
Hyungate Kim	Non-Executive Director
Jacqueline Fernley	Independent Non-Executive Director

The names of the Company Secretaries in office at any time during or since the end of the half-year are:

James Heath
Peter Webse

The Company Secretaries have been in office since the start of the period to the date of this report unless otherwise stated.

Results

The loss for the Group after providing for income tax amounted to $11,488,179 (31 December 2022: $5,679,188).

Review of operations

Information on the operations and financial position of the Group is set out in the Review of Operations and Activities on pages 6 to 11 of this Interim Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the Group during the year was providing world class microbiome testing and analysis services as well as developing new pathology services, therapeutics and diagnostics based on the human gut microbiome.

No significant change in the nature of these activities occurred during the half-year period.

After balance date events

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

Dividends

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

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this Directors' report.

On behalf of the Directors

Pasquale Rombola
Chair

28 February 2024
Brisbane, Queensland

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
Microba Life Sciences Limited
Level 10, 324 Queen Street
Brisbane QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2023, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Microba Life Sciences Limited and the entities it controlled during the period.

Pitcher Partners
PITCHER PARTNERS

Mason
CHERYL MASON
Partner

Brisbane, Queensland
28 February 2024

03

Financial Statements

Microba Life Sciences Limited and controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
Revenue			
Revenue from contracts with customers	3	3,272,855	2,151,498
Cost of sales		(1,870,984)	(1,116,357)
Gross profit		**1,401,871**	**1,035,141**
Other income			
Grant and subsidies income	5	3,357,487	2,939,226
Interest income		501,366	145,630
Other income		5,163	2,942
Expenses			
Employee benefits and other related costs		(4,764,283)	(3,732,756)
Research and development expense		(7,194,345)	(3,540,344)
Depreciation and amortisation expense		(1,044,184)	(748,202)
Consulting fees		(1,044,563)	(440,346)
Marketing and advertising expense		(458,196)	(369,576)
Travel expense		(358,806)	(241,591)
Legal and intellectual property advisory fees		(583,771)	(78,455)
Finance costs		(28,871)	(30,046)
Foreign currency gain/(loss)		(40,118)	236,514
Other expenses		(1,259,931)	(857,325)
Total expenses		**(16,777,068)**	**(9,802,127)**
Loss before income tax benefit		**(11,511,181)**	**(5,679,188)**
Income tax benefit		23,002	-
Loss after income tax benefit for the half-year attributable to the owners of Microba Life Sciences Limited		**(11,488,179)**	**(5,679,188)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(117,370)	23,573
Other comprehensive income/(loss) for the half-year, net of tax		**(117,370)**	**23,573**
Total comprehensive loss for the half-year attributable to the owners of Microba Life Sciences Limited		**(11,605,549)**	**(5,655,615)**
		Cents	**Cents**
Basic earnings per share	12	(3.09)	(1.98)
Diluted earnings per share	12	(3.09)	(1.98)

Microba Life Sciences Limited and controlled entities
Consolidated statement of financial position
As at 31 December 2023

	Note	31 Dec 2023 $	30 Jun 2023 $
Assets			
Current assets			
Cash and cash equivalents	4	27,846,261	32,043,874
Receivables	5	11,269,591	7,236,200
Inventories	6	2,056,563	644,427
Financial assets		204,436	204,436
Prepayments		1,142,423	1,396,124
Total current assets		**42,519,274**	**41,525,061**
Non-current assets			
Property, plant and equipment		1,925,935	1,927,555
Right-of-use assets		1,064,272	653,327
Intangible assets	7	19,726,492	2,847,090
Total non-current assets		**22,716,699**	**5,427,972**
Total assets		**65,235,973**	**46,953,033**
Liabilities			
Current liabilities			
Payables		7,206,342	4,987,664
Borrowings		118,104	358,726
Lease liabilities		749,936	543,002
Income tax		17,513	5,419
Employee benefits		609,980	582,586
Other liabilities	8	2,124,062	43,230
Contract liabilities		2,164,108	1,303,806
Total current liabilities		**12,990,045**	**7,824,433**
Non-current liabilities			
Lease liabilities		510,628	234,064
Employee benefits		206,588	170,004
Other liabilities	8	2,280,498	150,696
Total non-current liabilities		**2,997,714**	**554,764**
Total liabilities		**15,987,759**	**8,379,197**
Net assets		**49,248,214**	**38,573,836**
Equity			
Issued capital	9	102,811,032	80,373,986
Reserves		1,808,056	2,082,545
Accumulated losses		(55,370,874)	(43,882,695)
Total equity		**49,248,214**	**38,573,836**

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

Microba Life Sciences Limited and controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Contributed equity $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022	**62,884,010**	**1,776,510**	**78,167**	**(31,202,483)**	**33,536,204**
Loss after income tax expense for the half-year	-	-	-	(5,679,188)	(5,679,188)
Other comprehensive income for the half-year, net of tax	-	-	23,573	-	23,573
Total comprehensive income/(loss) for the half-year	**-**	**-**	**23,573**	**(5,679,188)**	**(5,655,615)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	17,237,643	-	-	-	17,237,643
Share-based payments (note 10)	-	238,198	-	-	238,198
Balance at 31 December 2022	**80,121,653**	**2,014,708**	**101,740**	**(36,881,671)**	**45,356,430**

	Contributed equity $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2023	**80,373,986**	**1,945,170**	**137,375**	**(43,882,695)**	**38,573,836**
Loss after income tax benefit for the half-year	-	-	-	(11,488,179)	(11,488,179)
Other comprehensive loss for the half-year, net of tax	-	-	(117,370)	-	(117,370)
Total comprehensive loss for the half-year	**-**	**-**	**(117,370)**	**(11,488,179)**	**(11,605,549)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 9)	18,739,373	-	-	-	18,739,373
Share-based payments (note 10)	-	360,002	-	-	360,002
Exercise of options (note 9)	877,121	(517,121)	-	-	360,000
Shares issued for acquisition of subsidiaries (note 9 & 15)	2,820,552	-	-	-	2,820,552
Balance at 31 December 2023	**102,811,032**	**1,788,051**	**20,005**	**(55,370,874)**	**49,248,214**

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

Microba Life Sciences Limited and controlled entities
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities			
Receipts from customers		3,688,989	3,291,594
Payments to suppliers and employees		(15,749,036)	(10,092,341)
		(12,060,047)	**(6,800,747)**
Other income received		5,163	2,942
Interest received		501,366	145,630
Subsidies and grants received		7,559	2,647,842
Interest and other finance costs paid		(28,871)	(30,046)
Net cash used in operating activities	**11**	**(11,574,830)**	**(4,034,379)**
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	15	(9,570,127)	-
Payments for property, plant and equipment		(171,686)	(227,086)
Payments for intangible assets	7	(1,547,702)	(1,275,982)
Subsidies and grants received		-	38,087
Net cash used in investing activities		**(11,289,515)**	**(1,464,981)**
Cash flows from financing activities			
Proceeds from issue of shares	9	20,356,718	17,833,269
Share issue transaction costs	9	(1,257,345)	(595,626)
Repayment of borrowings		(240,622)	(224,985)
Repayment of leases		(324,256)	(258,806)
Net cash from financing activities		**18,534,495**	**16,753,852**
Net increase/(decrease) in cash and cash equivalents		(4,329,850)	11,254,492
Cash and cash equivalents at the beginning of the financial half-year		32,043,874	30,580,673
Effects of exchange rate changes on cash and cash equivalents		132,237	118,796
Cash and cash equivalents at the end of the financial half-year	4	**27,846,261**	**41,953,961**

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

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 1. General information

The financial statements cover Microba Life Sciences Limited as a consolidated group (referred to hereafter as the 'Group' or 'Microba') consisting of Microba Life Sciences Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year.

Microba Life Sciences Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 10, 324 Queen Street, Brisbane, Queensland, Australia.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2024.

Note 2. Material accounting policy information

Basis of preparation
These general purpose financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', and the requirements of the members and Directors. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

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

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

The Group incurred a loss from ordinary activities of $11,488,179 during the half- year ended 31 December 2023 (31 Dec 2022: loss of $5,679,188) and has a net cash outflow from operating activities of $11,574,830 (31 Dec 2022: $4,034,379). The Group held cash and cash equivalents of $27,846,261 at 31 December 2023 (30 June 2023: $32,043,874).

The Directors are of the view that the going concern assumption is valid. This view has been reached after making due enquiry, including reviewing forecast cash flows and have regard to the circumstances which the Directors consider will occur and those which are reasonably likely to affect the Group during the period of one year from the date the financial report is approved. Over the next 12 months the Group has included in its forecasts the receipt of funds from the Australian Research & Development Tax Incentive for eligible Research & Development activities.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Business Combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. Under the acquisition method, the business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions). Consideration transferred, including any contingent consideration is required to be measured at fair value on the date of acquisition, which takes into account the perspective of a 'market participant' and is a measurement of the amount that the Group would have to pay to such a participant for them to assume the remaining obligations under the contracts to acquire these businesses.

Note 2. Material accounting policy information (continued)

Contingent consideration obligations are classified as equity or liability in accordance with AASB 132 Financial Instruments: Presentation. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Where the accounting standards require that an obligation to be settled in shares is classified as a liability, changes in measurement from the point of initial recognition through to when the milestone is achieved and the number of shares to be granted is determined, are recognised in profit or loss. Subsequently, once the number of shares is fixed and determined, any changes in the value of the shares to be granted between the milestone being achieved and the point of settlement, are recognised in acquisition reserve within equity. The Group only has contingent consideration obligations classified as liabilities at the reporting date

As a consequence, any changes in the fair value of contingent consideration that do not meet the requirements above, such as a subsequent renegotiation and settlement of the obligation, does not result in any change to the measurement of goodwill. Instead, changes to the fair value of contingent consideration classified as a liability are recognised in the profit or loss.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2023 $	31 Dec 2022 $
Personal Testing & Supplements - revenue recognised at a point in time	2,027,035	940,081
Personal Testing & Supplements - revenue recognised over time	298,192	241,210
Research Testing - revenue recognised over time	947,628	970,207
	3,272,855	**2,151,498**

Microba recognises revenue from contracts with customers as follows:

Personal Testing & Supplements

Recognised at a point in time
Revenue from Personal Testing and Supplements which is recognised at a point in time is recognised when Microba's performance obligation, being the delivery of a microbiome testing report or relevant supplements ordered are shipped to the customer, is satisfied respectively.

Recognised over time
Revenue from Personal Testing which is recognised over time is recognised as the agreed goods and services are delivered and the contracted performance obligations are met.

Research Testing

Revenue from Research Testing services contracts is recognised over time as the contracted goods and services are delivered and the performance obligations are satisfied.

Note 4. Cash and cash equivalents

	31 Dec 2023 $	30 Jun 2023 $
Current assets		
Cash at bank	4,634,848	18,681,587
Cash on deposit	23,211,413	12,220,668
Restricted cash	-	1,141,619
	27,846,261	**32,043,874**

The restricted cash balance held at 30 June 2023 represents cash held in escrow to meet the Group's payment obligations under the Technical Development Agreement (TDA) between the Group and Ginkgo Bioworks, Inc. The escrowed amount has been fully discharged in the current period.

Note 5. Receivables

	31 Dec 2023 $	30 Jun 2023 $
Current assets		
Receivables from contracts with customers	871,212	602,310
Contract assets from contracts with customers	222,761	122,333
Research and Development Tax Incentive receivable	9,636,752	6,071,997
Other receivables	556,565	439,560
Less: Allowance for expected credit losses	(17,699)	-
	11,269,591	**7,236,200**

During the period, the Group accessed the Australian Federal Government's Research & Development Tax Incentive Program which provides access to a 43.5% tax incentive to the Group for eligible Research & Development (R&D) activities. The R&D Tax Incentives for the Group are recognised as Grant & Subsidies income and are recognised when there is a reasonable expectation that the Group will be able to realise the benefit and when the amount can be reliably estimated. The Group's income from the Research and Development Tax Incentive receivable for the interim period has been accrued based on the Group's estimated eligible research and development expenditure during the period. The Research and Development Tax Incentive will be lodged after the close of the current financial year, and will be received after year end. During the current period the Research and Development Tax incentive for the financial year ended 30 June 2023 has been filed with the relevant authority and is expected to be received in due course. Income from the Research and Development Tax Incentive program included within Grant & Subsidies income for the half year ended 31 December 2023 was $3,349,928 (31 December 2022: $2,790,603)

Note 6. Inventories

	31 Dec 2023 $	30 Jun 2023 $
Current assets		
Raw materials and consumables	1,348,379	644,427
Stock on hand	708,184	-
	2,056,563	**644,427**

Note 7. Intangible assets

	31 Dec 2023 $	30 Jun 2023 $
Non-current assets		
Goodwill and other identifiable intangible assets at fair value (note 15)	15,704,574	-
	15,704,574	-
Capitalised system development at cost	4,000,330	2,755,512
Accumulated amortisation	(1,812,572)	(1,541,032)
	2,187,758	**1,214,480**
Intellectual property at cost	426,312	417,595
Accumulated amortisation	(255,460)	(231,747)
	170,852	**185,848**
Capitalised product development at cost	1,962,586	1,528,613
Less: Accumulated amortisation	(299,278)	(81,851)
	1,663,308	**1,446,762**
	19,726,492	**2,847,090**

Reconciliations

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

	Capitalised system development $	Intellectual property $	Capitalised product development $	Goodwill and other identifiable intangibles $	Total $
Balance at 1 July 2023	**1,214,480**	**185,848**	**1,446,762**	**-**	**2,847,090**
Additions	1,105,012	8,717	433,973	-	1,547,702
Additions through business combinations (note 15)	40,517	-	-	15,997,284	16,037,801
Exchange differences	(824)	-	-	(292,710)	(293,534)
Amortisation expense	(171,427)	(23,713)	(217,427)	-	(412,567)
Balance at 31 December 2023	**2,187,758**	**170,852**	**1,663,308**	**15,704,574**	**19,726,492**

Note 8. Other liabilities

	31 Dec 2023 $	30 Jun 2023 $
Current liabilities		
Contingent consideration payable	2,104,771	-
Deferred government grants - Research and Development Tax Incentive	19,291	43,230
	2,124,062	**43,230**
Non-current liabilities		
Contingent consideration payable	1,891,036	-
Deferred government grants - Research and Development Tax Incentive	389,462	150,696
	2,280,498	150,696
	4,404,560	**193,926**

Note 8. Other liabilities (continued)

The contingent consideration payable is a pre-determined fixed sum that will be disbursed to the previous shareholders of Invivo Clinical Limited, comprising both cash and shares. This payment is contingent upon the attainment of specific revenue targets in both Year 1 and Year 2 of the company's operation post acquisition. Management has assessed the fair value of the contingent consideration by calculating the present value of anticipated future cash flows, factoring in the likelihood of meeting the specified revenue targets. Refer to note 15 for further details.

Note 9. Issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 $	30 Jun 2023 $
Ordinary shares	447,851,977	344,136,473	102,811,032	80,373,986

Movements in ordinary share capital

Details	Date	Shares	Issue Price ($)	$
Balance	**1 July 2023**	**344,136,473**		**80,373,986**
Exercise of options (cash)	19 October 2023	2,000,000	$0.18	360,000
Exercise of options (net-settled)	19 October 2023	1,631,675	$0.00	-
Transfer from share based payments expense reserve to equity for options exercised	19 October 2023	-	$0.00	517,121
Ordinary shares issued	30 October 2023	53,361,959	$0.23	12,273,251
Ordinary shares issued	23 November 2023	33,580,292	$0.23	7,723,467
Capital raising costs	23 November 2023	-	$0.00	(1,257,345)
Shares issued for acquisition of susidiaries	6 December 2023	13,141,578	$0.22	2,820,552
Balance	**31 December 2023**	**447,851,977**		**102,811,032**

Rights of each type of share
Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called.

Exercise of options during the half year
During the year in accordance with their terms 5,275,000 fully vested options under the Employee Share and Option Plan were exercised. Of these, 2,000,000 options were exercised at an option price of $0.18 and the remaining 3,275,000 were net settled. As a result, a total of 3,631,675 new shares were issued on exercise and net settlement. This results in a lower dilution of the issued capital of the Group on conversion.

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

Note 10. Share-based payments

Equity-settled share-based payments

Employee option plan

The Group has approved an employee share and option plan titled the 'Microba Employee Share and Option Plan' ('ESOP') designed, to provide eligible persons with the opportunity to participate at the discretion of the directors. The shares and options issued under the plan are subject to vesting conditions and disposal restrictions. Options issued under the ESOP are issued at a premium to the last share issuance price to align employee and shareholder interests.

Note 10. Share-based payments (continued)

Details of the options granted are provided below:

Grant date	Expiry date	Exercise price	Balance at 1 Jul 2023	Granted during the period	Forfeited during the period	Exercised during the period	Balance at 31 Dec 2023
15/10/2018	15/10/2023	$0.180	4,400,000	-	-	(4,400,000)	-
15/02/2019	15/10/2023	$0.180	400,000	-	-	(400,000)	-
01/03/2019	15/10/2023	$0.180	75,000	-	-	(75,000)	-
05/04/2019	15/10/2023	$0.180	400,000	-	-	(400,000)	-
25/11/2019	24/11/2024	$0.288	5,100,000	-	-	-	5,100,000
13/01/2020	24/11/2024	$0.243	400,000	-	-	-	400,000
31/01/2020	24/11/2024	$0.288	200,000	-	-	-	200,000
30/06/2020	29/06/2024	$0.288	266,666	-	-	-	266,666
01/04/2021	04/04/2026	$0.336	3,316,666	-	-	-	3,316,666
05/04/2022	05/05/2025	$0.675	1,200,000	-	-	-	1,200,000
28/07/2023	28/07/2027	$0.453	-	6,605,000	-	-	6,605,000
28/07/2023	28/07/2027	$0.638	-	4,000,000	-	-	4,000,000
28/12/2023	28/01/2027	$0.271	-	200,000	-	-	200,000
			15,758,332	**10,805,000**	**-**	**(5,275,000)**	**21,288,332**

Options granted to Directors and Employees under the ESOP are dependent upon continuous service to the Company, and are to be settled by equity once exercisable.

At 31 December 2023, there are no exercisable options as all option holders have entered into a voluntary escrow agreement.

For the options granted during the current financial half-year, the Black-Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry Date	Share price at grant date	Exercise price	Expected volatility %	Dividend yield $	Risk-free interest rate %	Fair value at grant date
28/07/2023	28/07/2027	$0.325	$0.453	75.00%	-	3.87%	$0.160
28/07/2023	28/07/2027	$0.325	$0.638	75.00%	-	3.87%	$0.135
28/12/2023	28/01/2027	$0.180	$0.271	65.00%	-	3.58%	$0.060

Expected volatility was determined by the analysis of share price volatility of Australian listed biotechnology companies.

Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions was recognised within employee benefit expense within the statement of profit or loss were as follows:

	31 Dec 2023 $	31 Dec 2022 $
Options issued under ESOP	360,002	238,198

Note 11. Reconciliation of loss after income tax to net cash used in operating activities

	31 Dec 2023 $	31 Dec 2022 $
Loss after income tax expense for the year	**(11,488,179)**	**(5,679,188)**
Adjustments for:		
Depreciation and amortisation expense (non-cash)	1,044,184	748,202
Share-based payments (non-cash)	360,002	238,198
Write-off of fixed assets and intangible assets (non-cash)	-	37,337
Capital portion of grants and subsidies received (investing cash flow)	-	(47,941)
Foreign currency exchange differences and other	41,918	(118,796)
	1,446,104	**857,000**
Movement in receivables	(3,409,424)	64,420
Movement in inventories	(123,572)	(202,071)
Movement in prepayments	347,049	435,988
Movement in payables	1,392,817	(70,912)
Movement in employee benefits	(1,393)	37,241
Movement in contract liabilities	284,770	622,437
Movement in other liabilities	(23,002)	(99,294)
	(11,574,830)	**(4,034,379)**

Note 12. Earnings per share

	31 Dec 2023 $	31 Dec 2022 $
Loss after income tax attributable to the owners of Microba Life Sciences Limited	(11,488,179)	(5,679,188)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	372,278,561	287,101,402
Weighted average number of ordinary shares used in calculating diluted earnings per share	372,278,561	287,101,402
	Cents	**Cents**
Basic earnings per share	(3.09)	(1.98)
Diluted earnings per share	(3.09)	(1.98)

Note 13. Operating segments

Identification of reportable operating segments

The Group is organised into two (2) operating segments: Testing Services and Supplements, and Research & Development. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews the profit and loss before tax of the consolidated Group on a monthly basis. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 13. Operating segments (continued)

Operating segment information
Segment profit and loss

31 December 2023	Testing Services and Supplements $	Research and Development $	Unallocated $	Total $
Revenue from contracts with external customers	3,272,855	-	-	3,272,855
Cost of sales	(1,870,984)	-	-	(1,870,984)
Gross profit	**1,401,871**	**-**	**-**	**1,401,871**
Grant and subsidies income	7,500	3,349,987	-	3,357,487
Interest income	-	-	501,366	501,366
Other income	-	-	5,163	5,163
	7,500	**3,349,987**	**506,529**	**3,864,016**
Expenses				
Employee benefits and other related costs	(1,408,313)	(882,214)	(2,473,756)	(4,764,283)
Research and development expense	-	(7,194,345)	-	(7,194,345)
Depreciation and amortisation expense	-	-	(1,044,184)	(1,044,184)
Consulting fees	(163,792)	(63,914)	(816,857)	(1,044,563)
Marketing and advertising expense	(313,135)	(4,841)	(140,220)	(458,196)
Travel expense	(159,775)	(34,869)	(164,162)	(358,806)
Legal and intellectual property advisory fees	(14,699)	(3,976)	(565,096)	(583,771)
Finance costs	-	-	(28,871)	(28,871)
Foreign currency gain/(loss)	-	-	(40,118)	(40,118)
Other expenses	(230,198)	(86,168)	(943,565)	(1,259,931)
Total expenses	**(2,289,912)**	**(8,270,327)**	**(6,216,829)**	**(16,777,068)**
Loss before income tax benefit/(expense)	**(880,541)**	**(4,920,340)**	**(5,710,300)**	**(11,511,181)**
Income tax benefit/(expense)	-	-	23,002	23,002
Loss after income tax benefit/(expense)	**(880,541)**	**(4,920,340)**	**(5,687,298)**	**(11,488,179)**

Note 13. Operating segments (continued)

31 December 2022	Testing Services and Supplements $	Research and Development $	Unallocated $	Total $
Revenue from contracts with external customers	2,151,498	-	-	2,151,498
Cost of sales	(1,116,357)	-	-	(1,116,357)
Gross profit	**1,035,141**	**-**	**-**	**1,035,141**
Grant and subsidies income	59,600	2,879,626	-	2,939,226
Interest income	-	-	145,630	145,630
Other income	-	-	2,942	2,942
	59,600	**2,879,626**	**148,572**	**3,087,798**
Expenses				
Employee benefits and other related costs	(1,033,583)	(809,135)	(1,890,038)	(3,732,756)
Research and development expense	-	(3,540,344)	-	(3,540,344)
Depreciation and amortisation expense	-	-	(748,202)	(748,202)
Consulting fees	(105,096)	(56,426)	(278,824)	(440,346)
Marketing and advertising expense	(202,694)	(21,399)	(145,483)	(369,576)
Travel expense	(78,718)	(26,966)	(135,907)	(241,591)
Legal and intellectual property advisory fees	(18,815)	(11,880)	(47,760)	(78,455)
Finance costs	-	-	(30,046)	(30,046)
Foreign currency gain/(loss)	-	-	236,514	236,514
Other expenses	(90,983)	(106,312)	(660,030)	(857,325)
Total expenses	**(1,529,889)**	**(4,572,462)**	**(3,699,776)**	**(9,802,127)**
Loss before income tax benefit/(expense)	**(435,148)**	**(1,692,836)**	**(3,551,204)**	**(5,679,188)**
Income tax benefit/(expense)	-	-	-	-
Loss after income tax benefit/(expense)	**(435,148)**	**(1,692,836)**	**(3,551,204)**	**(5,679,188)**

Segment assets and liabilities

Assets and liabilities of the Group are reported to the CODM at the total business level and no segment information is provided to, or used by, the CODM. As such, no segment information for assets and liabilities of the Group have been included, with the exception of non-current assets as disclosed below.

All non-current assets held by the Group are unallocated. Total non-current assets for the period ended 31 December 2023 are $22,716,699 (30 Jun 2023: $5,427,972).

Note 14. Related party transactions

Transactions with related parties

Details of all related party relationships have been disclosed in the annual report for the year ended 30 June 2023. There were no new transactions with related parties during the current financial half-year.

Note 15. Business combinations

On 5 December 2023, the Company acquired 100% of the issued share capital in UK registered Invivo Clinical Limited (Invivo) for a purchase price of $17,353,663. Invivo is a microbiome testing leader for healthcare professionals in the United Kingdom. Invivo has established a base of over 1,700 active customers, and an engaged list of additional 5,800 prospective customers. In addition to its leading position in Gastrointestinal microbiome testing services, Invivo has testing products spanning Vaginal, Oral and Urinary testing, together with a targeted set of evidence-based intervention formulations.

The acquisition of Invivo aligns to Microba's core testing services growth strategy in expanding internationally into high value markets in a capital efficient manner. The United Kingdom is a key market in the next phase of Microba's international testing services growth strategy. Acquiring a market leading position, customer and geographical base in the United Kingdom, together with Sonic Healthcare provides deep access to the entire UK healthcare market spanning private practice and the public NHS environment.

The acquisition also includes contingent consideration of $8,576,002 subject to meeting key revenue targets for the first and second year of operation under the ownership of the Company. Consequently, this amount has been assessed as purchase consideration and has been included in the acquisition-date fair value of the total consideration transferred after discounting and adjusting for managements' estimates of the revenue targets being achieved.

The acquired business contributed revenue of $567,873 and a net profit after tax (NPAT) of $50,274 to the Group for the period since acquisition on 5 December 2023 to 31 December 2023. If the acquisition had occurred on 1 July 2023, the contributed revenue for the six months to 31 December 2023 would have been $4,241,929 and net profit after tax of $916.

There has been $1,005,740 of acquisition related costs incurred to date and expensed in Legal and intellectual property advisory fees ($489,926), Consulting fees ($350,015) and Accounting fees included within Other expenses ($165,799).

The acquisition has been provisionally accounted for, while awaiting an external identification and valuation of identifiable intangible assets, using the acquisition method. The provisional consideration transferred, and the assumed fair value of the assets and liabilities at the date of the acquisition are as follows:

Note 15. Business combinations (continued)

	Fair value $
Cash and cash equivalents	892,702
Trade receivables	240,978
Other receivables	168,162
Inventories	1,288,564
Prepayments	93,348
Computer Equipment	38,522
Furniture & Fittings	27,155
Laboratory Equipment	127,735
Right-of-use assets	691,622
Website	40,517
Trade payables	(444,427)
Other payables	(339,516)
Deferred tax liability	(35,750)
Employee benefits	(65,371)
Lease make good provision	(87,689)
Deferred revenue	(575,532)
Lease liability	(704,641)
Net assets acquired	1,356,379
Goodwill and other identifiable intangible assets	15,997,284
Acquisition-date fair value of the total consideration transferred	17,353,663
Representing:	
Cash paid or payable to vendor	10,462,829
Microba Life Sciences Limited shares issued to vendor	2,820,552
Contingent consideration payable	4,070,282
	17,353,663
Acquisition costs expensed to profit or loss	1,005,740
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	17,353,663
Less: cash and cash equivalents	(892,702)
Less: contingent consideration	(4,070,282)
Less: shares issued by Company as part of consideration	(2,820,552)
Net cash used	9,570,127

No Contingent liabilities or guarantees existed at the acquisition date.

The fair value, and the gross amount, of the Trade receivables is $240,978 and it is expected that the full contractual amounts will be collected apart from one debt that is considered doubtful with a value of $18,028.

The results of this operation form part of the testing services & supplements segment and are classified therein.

Note 16. Events after the reporting period

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

Microba Life Sciences Limited and controlled entities
Directors' declaration
For the half-year ended 31 December 2023

The Directors of the company declare that:

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

Signed in accordance with a resolution of Directors.

On behalf of the Directors

Pasquale Rombola
Chair

28 February 2024
Brisbane, Queensland

PITCHER PARTNERS

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Independent Auditor's Review Report
To the Members of Microba Life Sciences Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Microba Life Sciences Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of accounting policies and other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

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

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

PITCHER PARTNERS

CHERYL MASON
Partner

Brisbane, Queensland
28 February 2024

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