QBiotics Group Limited
Annual Report
30 June 2024

ABN 13 617 596 139

QBiotics Group

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Forward looking statements

This report contains forward looking statement which reflect the current beliefs and expectations of QBiotics. Statements may involve a number of known and unknown risks that could cause our future results, performance or achievements to differ significantly from those expressed or implied by such forward-looking statements. While these forward-looking statements reflect QBiotics' expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. Many factors could cause QBiotics' actual results, performance or achievements to differ from those expressed in the forward-looking statements including risks relating to our ability to recruit patients for our clinical trials, uncertainty and disruption caused by environmental and geo-political developments, actions of regulatory bodies and other governmental authorities. Therefore, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws or regulations, QBiotics does not undertake to publicly update or review any forward looking statements.

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Chair's Message & Year in Review

QBiotics Group Limited

Chair's message

For the year ended 30 June 2024

Dear Shareholders

Last year we committed to refreshing and strengthening the Board and top management of QBiotics to ensure that the skills and expertise needed to lead the Company into the next stage of its development were in place. I am very pleased to report that we have been successful in making excellent progress in this regard.

During the period, an extensive global and professional search for our new CEO was undertaken recognising the very special qualities of QBiotics as well as its needs going forward. Post period we were delighted to announce that Stephen Doyle had been appointed as CEO, effective from 2 September 2024.

Stephen has more than 24 years of experience in the global pharmaceutical industry, including leadership positions with Sanofi Aventis and Boehringer Ingelheim. He was most recently Chief Business Officer at Aslan Pharmaceuticals in Singapore.

Through his time with both big and small pharma, Stephen has amassed extensive knowledge in leading negotiations for pharmaceutical assets across a range of deal types, licensing deals across multiple geographies and commercialisation strategies. He also brings considerable knowledge and experience of public markets from his time spent in the USA and a first class track record in his management skills. We are confident that his strategic track-record, which has led to several successful licensing and commercialisation outcomes, will make him a strong leader of the team as we continue our ambitious development plans.

The Board itself at a non-executive level is considerably better equipped and energised following the appointment of two new directors, Mark Fladrich and David Phillips as announced on 20 May 2024.

Mark is an experienced pharmaceutical executive with more than 30 years' experience in the industry. Most recently Mark was Chief Commercial Officer for Grunenthal, a privately owned German based pharmaceutical company specialising in pain management. He brings to QBiotics a wealth of knowledge and experience in global commercial strategy and implementation across all phases of the pharmaceutical product lifecycle. Mark held various senior roles during his 23 years with AstraZeneca including Vice President Global Strategic Marketing, Country President roles in Germany, Australia and New Zealand.

David brings to QBiotics more than 40 years' experience in the healthcare industry, 23 of which were with Glaxo Wellcome (now GlaxoSmithKline (GSK)). He was the Managing Partner in the corporate venture arm of GSK where he spun out new technologies from across the business. David has been responsible for capital raisings globally, as well as the execution of over 50 pharmaceutical and biotechnology deals. He was previously a director on the board of Suda Pharmaceuticals (now Arovella Therapeutics Limited ASX:ALA) and is currently Non-executive Chair for Inosi Therapeutics.

We are fortunate in having new directors with such deep experience across the full pharmaceutical development, commercialisation and deal-making chain. Their contributions are highly complementary to those of the existing Board and team and we are already benefitting from these.

In April this year, the Board and senior management held a strategy review and strategy planning meeting over two days. This allowed a detailed look at not only ongoing programmes but also the pipeline and opportunities within the Company which showed the richness of potential assets as well as the challenges of focus.

At this time and more recently in July this year, we have taken a detailed look at the financial position of the Company, priorities for use of cash in the coming 12 months and the options that may be open to us in future financing. In the latter, we were very pleased to receive presentations from representatives of global investment banks to guide our thinking. We continue to follow up on the outcome of these meetings.

The Year in Review section of this report provides a detailed overview of our operational achievements in the last financial year, especially those which lay the path for the next phase of development of our intratumoural small molecule, tigilanol tiglate. We look forward to reporting data from our clinical trial in soft tissue sarcoma and completing the first stage of our clinical trial in head and neck cancer. Discussions with potential partners for the later stages of development and commercialisation of tigilanol tiglate in cancer are underway and significant effort has been committed to seeking out potential opportunities and establishing systems for professional data access.

We begin to make good progress with our multi-centre, Phase I clinical trial to assess the safety and tolerability of EBC-1013 in wound healing in patients with Venous Leg Ulcers which is now recruiting.

I would like to acknowledge and thank Victoria Gordon in supporting me as Executive Chair and in continuing to support and guide the senior team on delivering key strategic aims for the Company in relation to corporate alliances and partnering, clinical trial outcomes and engagement with key opinion leaders, analyst and investor relations.

I would also like to sincerely thank my fellow board members, the senior management team and indeed many staff for their guidance and commitment during a year of change as well as their warmth and support. I look forward to working with Stephen and the Board as a whole as we move forward.

Most importantly, none of this would have been possible without continuing support from you, the shareholders, for which I express my sincere thanks.

Yours Sincerely

Susan Foden

Chair of the Board

Highlights

Our primary focus has been to continue building value in our lead intratumoural oncology drug, tigilanol tiglate. This year has been an important one for tigilanol tiglate which received Orphan Drug Designation from the United States Food and Drug Administration (FDA) for the treatment of soft tissue sarcoma (STS). Further, our Phase IIa human clinical trial in STS (QB46C-H07) reached a critical point with the completion of patient recruitment.

We were pleased to announce that our Phase I/IIa head and neck squamous cell carcinoma (HNSCC) dose escalation trial in Australia and India (QB46C-H03) met its primary endpoints which were those of safety and tolerability of the drug.

We expanded our Phase II clinical trial in head and neck cancer (QB46C-H08) with the addition of further trial sites. The trial is now recruiting for patients at five sites in the United Kingdom and two sites in Australia. We are pleased to be approaching the 50% mark in patient recruitment.

Our wound healing drug candidate, (EBC-1013), has also progressed well with the first-in-human Phase I trial opening for recruitment in Australia. The clinical trial is a placebo-controlled, multi-centre, Phase I dose escalation trial to assess the safety and tolerability of EBC-1013 in patients with Venous Leg Ulcers.

STELFONTA®, our intratumoural oncology drug which destroys 75% of non-metastatic mast cell tumours in dogs with one treatment, continued to be sold via our distribution partner, and reached a milestone with more than 20,000 dogs treated globally.

As mentioned earlier, your board was refreshed and strengthened with the appointments of highly experienced pharmaceutical and biotechnology executives, Mark Fladrich and David Phillips as Non-executive Directors and post period, Stephen Doyle was appointed as CEO.

Tigilanol tiglate human oncology programme

Tigilanol tiglate, an oncolytic small molecule delivered intratumourally is currently in two clinical trials. Our clinical focus remains on two indications: soft tissue sarcomas and head and neck cancers.

Tigilanol tiglate received compassionate use authorisation in France in March this year. To date, 7 patients have been treated under this compassionate access use treating a range of tumour types.

Tigilanol tiglate treating soft tissue sarcomas

"Patient recruitment completed in US Phase II soft tissue sarcoma trial (QB46C-H07)"

We were pleased to announce that our Phase IIa clinical trial in STS (QB46C-H07) completed recruitment in June this year. We anticipate being able to report the trial results in early Q1 CY2025.

The trial, which is assessing the preliminary efficacy and safety of tigilanol tiglate in patients with a range of advanced and/ or metastatic STS is being conducted at Memorial Sloan Kettering Cancer Center in New York, USA. The single centre trial is an open-label, single-arm study in 10 patients.

"Awarded Orphan Drug Designation by the FDA"

Completion of trial recruitment followed tigilanol tiglate being awarded Orphan Drug Designation for the treatment of STS by the United States Food and Drug Administration (FDA) earlier this year. This designation provides regulatory and financial benefits that support the development of this important therapy.

Tigilanol tiglate in treating head and neck cancers

Through the reporting period, we were pleased to announce that our Phase I/IIa head and neck squamous cell carcinoma (HNSCC) dose escalation trial in Australia and India (QB46C-H03) met its primary safety and tolerability endpoints.

"Primary safety and efficacy endpoints achieved in head and neck cancer dose finding study (QB46C-H03)"

Nineteen patients were treated in this "window of opportunity before surgery" trial involving administering a single intratumoural dose of tigilanol tiglate. The drug was successfully escalated to a dose level of 2.4 mg/m^2 without any Serious Adverse Events (SAEs) other than an extension of an overnight stay for one patient. Adverse Events (AEs) reported were local and, other than pain, associated with the mode of action (MOA) of the drug in tumour destruction.

"Phase I/IIa clinical trial in head and neck cancer (QB46C-H08) expanded with the addition of further trial sites"

QBiotics decided to close the QB46C-H03 trial on the basis it had sufficient information to inform a separate trial – the Phase II efficacy study in head and neck cancer (QB46C-H08), for which patient recruitment is progressing.

The multi-centre QB46C-H08 Phase II trial is an open-label, single-arm study, to assess the efficacy of tigilanol tiglate in up to 37 patients with a broad range of solid tumours of the head and neck region.

Through the year, we expanded this trial to boost recruitment rates, with 4 further trial sites added. The trial is now recruiting for patients at five sites in the United Kingdom and two sites in Australia.

New research to support clinical development of tigilanol tiglate

The following paper which related to a preclinical study on our lead intratumoural oncology asset, tigilanol tiglate, was published in the prestigious Journal for ImmunoTherapy of Cancer:

- Cullen J *et al.* (2024). Tigilanol tiglate is an oncolytic small molecule that induces immunogenic cell death and enhances the response of both target and non-injected tumors to immune checkpoint blockade. *Journal for ImmunoTherapy of Cancer;* 12(4): https://jitc.bmj.com/content/12/4/e006602

This study further validated the mode of action of tigilanol tiglate as an anticancer treatment and provides insight into the mechanism of action of the drug. The results confirm that tigilanol tiglate acts via multiple pathways to promote tumour ablation and may also effectively control disease burden in the right tumour (immunogenic) and patient contexts. In addition, tigilanol tiglate may also help augment the benefits of immunotherapy in clinical practice, especially in patients who do not initially respond to checkpoint inhibition.

A canine STS dose optimisation study to further inform our human programme has commenced enrolment in Australia and the USA.

Partnering of tigilanol tiglate

Partnering of our human oncology programme continues to be a top priority where discussions with potential partners for tigilanol tiglate's later stages of development and commercialisation are underway. Our partnering efforts are bolstered by strong interest and support in the drug from oncology key opinion leaders.

To further support partnering efforts, during the reporting period, QBiotics presented at the following key conferences:

- Oral presentation: The BIO International Convention 3-6 June 2024 (San Diego, USA).
- Oral presentation: 10th Annual SACHS Oncology Innovation Forum 31 May 2024 (Chicago, USA).
- Oral presentation: Bio-Europe 6-8 November 2023 (Munich, Germany).
- Poster presentation: 38th Annual Meeting of The Society for Immunotherapy of Cancer 1-5 November 2023 (San Diego, USA).
- Oral and poster presentation: 7th Annual Dermatology Drug Development Summit, 1-2 November (Boston, USA).
- Poster Presentation by Professor Edmund Bartlett, from the Memorial Sloan Kettering Cancer Center, at the Connective Tissue Oncology Society, 1-4 November 2023 (Dublin, Ireland).
- Professor Aurelien Marabelle from the Gustave Roussy Cancer Centre included tigilanol tiglate dog and human clinical data in his oral presentation "Innovative/novel delivery of immunotherapeutics" at the European Society for Medical Oncology 20-24 October (Madrid, Spain).
- A plenary presentation and 3 posters: 31st International Symposium on Chemistry of Natural Products and the 11th International Congress on BioDiversity, 15-19 October 2003 (Napoli, Italy).

EBC-1013 for wound healing

"Phase I/II safety study of EBC-1013 for treating venous leg ulcers opened for recruitment in Australia"

Our wound healing program also advanced through the financial year 2024 with our first-in-human Phase I wound healing safety trial in Australia opening for recruitment. EBC-1013 is a topically applied semi-synthetic small molecule for the treatment of a wide range of chronic and acute wounds and burns. The clinical trial is a placebo-controlled, multi-centre, Phase I dose escalation trial to assess the safety and tolerability of EBC-1013 in patients with Venous Leg Ulcers (VLUs).

The Primary Objective of the trial is to assess the overall safety and local tolerability of a single topical application of escalating doses of EBC-1013 gel in patients with VLUs.

Secondary and Exploratory Objectives include evaluation of systemic exposure resulting from a single application of escalating doses of EBC-1013, determination of the Anticipated Therapeutic Dose range for subsequent studies, and evaluation of the trajectory of the wound bed and healing response, in addition to assessment of the patient's quality of life.

Furthermore, a crucial patent application covering manufacturing methods for EBC-1013 was published under the Patent Cooperation Treaty (PCT) arrangements to further secure our intellectual property rights and pave the way for future commercial opportunities.

STELFONTA and our veterinary oncology programme

Sales of STELFONTA®, our veterinary oncology pharmaceutical are not yet reaching full potential. Despite pet owners preferring STELFONTA® over surgery for treating their dogs' mast cell tumours, many veterinarians remain hesitant to move away from the familiarity of surgery.

"More than 20,000 dogs treated globally with STELFONTA®"

QBiotics is actively collaborating with our marketing and distribution partner to educate veterinarians on the benefits of non-surgical mast cell tumour removal. The STELFONTA® Superstar Ambassador Continuous Education Programme, featuring four one-hour sessions led by Dr. Sue Cancer Vet, will launch in August 2024 in partnership with leading US veterinary educator DVM360. Certified practitioners will be eligible to join the STELFONTA® community with exclusive benefits.

In other regions, we are continuing our tailored education and promotional programmes. Notably, the successful Australian 'testimonials' campaign highlights the remarkable results STELFONTA® has achieved, saving the lives of dogs across Australia.

In the last financial year, STELFONTA® was presented at a number of key veterinary conferences.

The data from our equine melanoma and equine sarcoids trials have been accepted for presentation at the American College of Veterinary Surgeons Annual Surgery Summit in October 2024 and were presented at the European College of Veterinary Surgeons Annual Scientific Meeting in July 2024. Patient recruitment in the STS trial in Australia and the USA is complete with evaluation and reporting of the response rates in process. QBiotics is pleased with the initial assessment and investigator feedback.

In the past 12 months, we have received approval from the US Federal Drug Administration's Center for Veterinary Medicine (CVM), European Medicines Agency (EMA) and Veterinary Medicines Directorate (VMD) to utilise Blushwood (Fontainea picrosperma) raw material from our commercial plantation on the Atherton Tablelands as a source for tigilanol tiglate active pharmaceutical ingredient (API) to produce STELFONTA® injectable drug product. Regulatory approval for using Blushwood from commercial plantations de-risks the supply chain for STELFONTA®. Furthermore, CVM has now approved 48 months shelf life for STELFONTA®. Unlike Europe, where a 48-month shelf life of STELFONTA® was approved post-marketing, the CVM had formerly only approved a 36-month shelf life due to varying requirements.

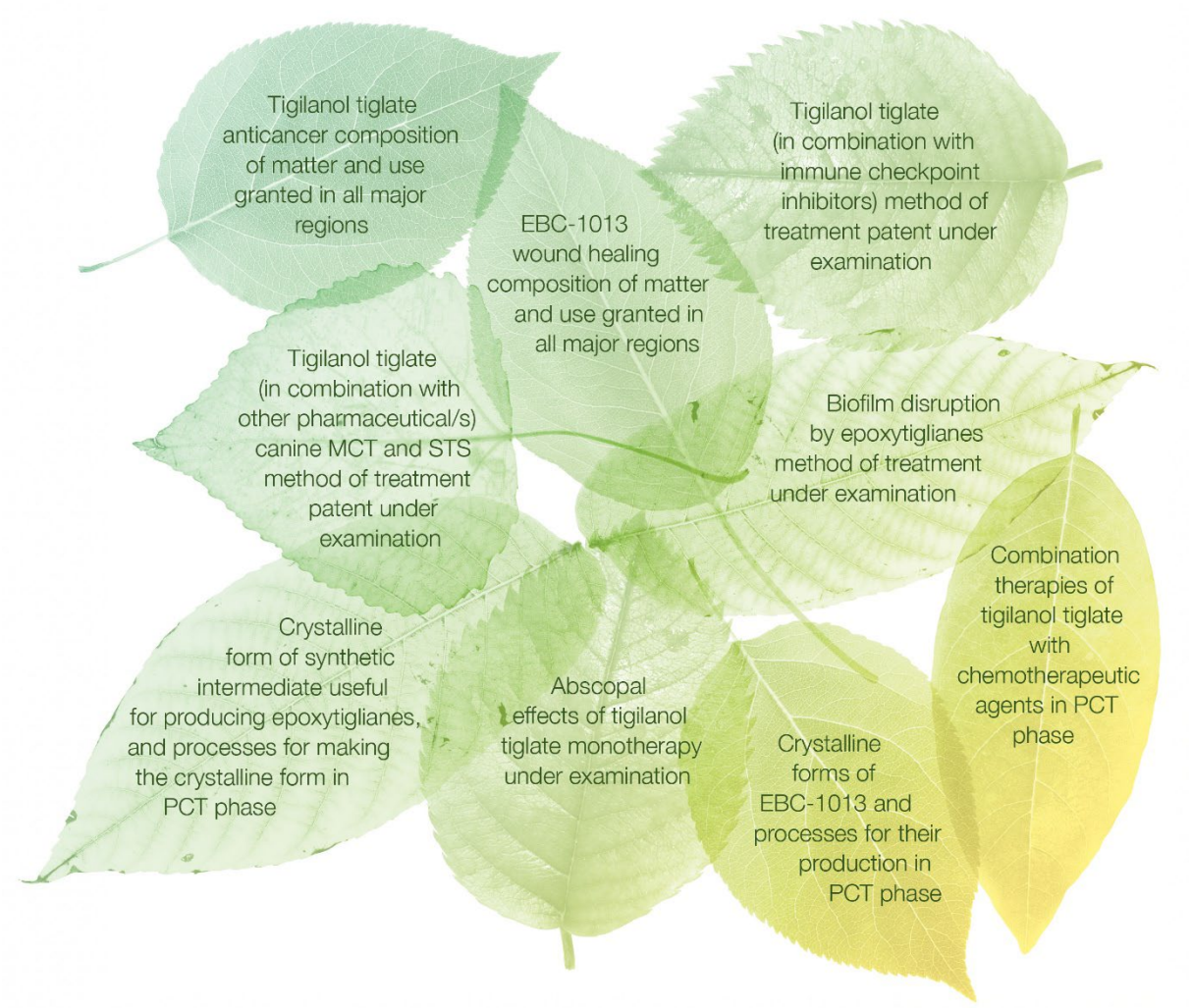
Discovery programmes

Research informing our product discovery pipeline continued through the period, focused on early-stage preclinical development of molecules with antibiotic and anti-inflammatory activity. In addition, we furthered our understanding of the natural product chemistry underpinning our programmes. The following related manuscripts were recently published:

- Raju *et al.* (2024). Insignoic acids A – E, unusual α, β-unsaturated keto fatty acids isolated from the exocarp of Australian rainforest tree *Endiandra insignis* (Lauraceae). *Fitoterapia*. https://doi.org/10.1016/j.fitote.2023.105815
- Maioli *et al.* (2023). Novel Skeletal Rearrangements of the Tigliane Diterpenoid Core. *Journal of Natural Products.* https://doi.org/10.1021/acs.jnatprod.3c00834

Intellectual property portfolio

QBiotics' 9 patent families



Protection of our core intellectual property around tigilanol tiglate and our wound healing drug EBC-1013 and related analogues continue to be expanded.

Three new patent applications were published under the Patent Cooperation Treaty (PCT) provisions covering (1) manufacturing methods related to crystalline forms and methods for the production of our wound healing drug EBC-1013; (2) combination therapies of tigilanol tiglate with chemotherapeutic agents and (3) Crystalline forms of EBC-1013 and processes for their production. These patent applications will be continuing in National Examination phase as we continue to strength and expand our patent portfolio and intellectual property protection.

QBiotics team

Our team's dedication and expertise have been instrumental in achieving the milestones outlined in this report. We are pleased to have welcomed Stephen Doyle as Chief Executive Officer to lead QBiotics through its next phase of growth.

"Post period, Stephen Doyle appointed CEO"

As noted earlier in the Executive Chair's message, we strengthened our Board through the period with the addition of Mark Fladrich and David Phillips, both of whom bring extensive experience in the pharmaceutical and biotechnology sectors. Their expertise will be invaluable as we continue to advance our clinical programs and explore new opportunities for growth.

"Mark Fladrich and David Phillips appointed as Non-executive Directors"

Our focus on fostering a culture of innovation and excellence throughout the Company continues. One important initiative was support provided by the organisation for several employees to complete both graduate and post graduate qualifications during the year. The knowledge gained through these efforts is already benefitting QBiotics and our programmes.

During the year we reduced our overall headcount by 4 and now retain a highly engaged team of 55 either full time or part time employees at a high retention rate of 95%. Dr Jason Cullen joined us as Principal Scientist, taking over the role from Professor Peter Parsons who retired after over thirteen years of employment with QBiotics. We were very pleased to welcome two new team members, into the positions of Clinical Programme Support Specialist and Field Technical Assistant.

Corporate overview

In summary, the past year has been one of sound progress and achievement for our Company.

The IPO window remained largely closed in financial year 2024. As at 30 June 2024, only 1 biotechnology company had successfully completed an IPO and listed on the Australian Stock Exchange in the first half of this calendar year.

Close monitoring of our financial position remains a priority. During the year we have been able to implement cost cutting measures which lead to a significant reduction in our quarterly cash burn compared to the prior year (refer below) and we have also mapped out ways in which we may look to effect further cash conservation going forward. These will continue to be held under review and implemented if and when the needs arise.

"$43.5 million cash at bank as 30 June 2024"

As of 30 June 2024, cash at bank was $43.5 million, with an average cash burn rate for the year 1 July 2023 to 30 June 2024 of $3.9 million per quarter (2023: $6.3 million per quarter).

"$8.63 million R&D Tax incentive received"

QBiotics' application for the Australian Federal Government's R&D tax incentives (43.5% refundable as cash) was successful with $8.63 million cash received during the year, related to eligible R&D expenditure incurred during the year ended 30 June 2023.

2024-2025 Outlook

As we commence the 2025 financial year, we are energised by the opportunity to continue building value for shareholders under the guidance of a highly focused Board and with the leadership of Chief Executive Officer, Stephen Doyle. The upcoming year will be pivotal for QBiotics, as we focus on achieving key milestones that will support future value build and growth.

Following completion of recruitment of our Phase IIa human clinical trial in STS at Memorial Sloan Kettering Cancer Center in New York, US, QBiotics anticipates formal reporting of results in early Q1 Calendar Year 2025. Prior to this, we hope to share preliminary observations from this trial at the European Society for Medical Oncology in September 2024 and at the Connective Tissue Oncology Society Annual Meeting in November 2024.

We also expect to accelerate patient recruitment in our multi-centre head and neck cancer trial (QB46C-H08) with the recently added trial sites.

Patient recruitment into our Phase I dose escalation clinical trial to assess the safety and tolerability of EBC-1013 in patients with VLUs is expected to show strong progress.

Importantly, the team will remain focused on securing the right international industry partner for our human oncology programme which recognises the value we have built from our investment and facilitates further advancement of the drug through extended clinical evaluation

We look forward to sharing our progress with you throughout the coming year.

02

Directors' Report

The directors of QBiotics Group Limited (the "Company" or "QBiotics Group") present their report together with the consolidated financial statements for the year ended 30 June 2024 and the auditor's report thereon.

1. Directors

The directors of the Company, their qualifications, experience and special responsibilities at any time during or since the end of the financial year are:

Dr Susan Foden
MA DPhil

Executive Chair

Dr Susan Foden brings over 20 years' experience as director on the boards of small and medium size private and public life science companies in the UK, Norway, Germany and Belgium.

Previous board positions include BTG plc (acquired by Boston Scientific in 2019), and Vectura Group plc where she served for over 10 years as Senior Independent Director and Chair of the Remuneration Committee until 2019. Susan also chaired, and was a director of, BerGenBio ASA up to its initial public offer on the Oslo Bohrs in 2015 and Neurocentrx Ltd in the UK.

Currently, Susan is the Non-executive Chair of Evgen Pharma plc, a Non-executive Director of Laverock Therapeutics Ltd, an Investment Committee member of CD3, the drug discovery initiative between the European Investment Fund and the University of Leuven in Belgium, and a trustee of the Roslin Foundation in Edinburgh.

Susan's background is in biochemistry with an MA and DPhil in Natural Sciences from the University of Oxford. In 1983 Susan joined the UK's first biotech company, Celltech Ltd and headed up Academic Liaison, establishing some of the early precedents of academic/ biotech partnering and intellectual property development and in-licensing. In 1987 she established CRCT, the technology transfer and development company of what was then Cancer Research Campaign, (now CRT/Cancer Research UK (CRUK)). Over the next 12 years, CRCT was responsible for the development and partnering of many programs, significantly Temodal, Abiraterone (with BTG) and some of the early PARP inhibitors from which CRUK has benefitted from many years of royalty flow. Spin-out companies Cyclacel, Kudos and Spriogen Ltd also came from CRCT.

Outside the UK, CRCT set up Cancer Research Ventures and among others, established links with cancer research centres in Germany, Denmark and New Zealand.

In 2000, Susan joined the London healthcare VC firm, Merlin Biosciences as an Investor Director and was a director on several Merlin investee company boards including the oncology-focused companies, BioVex (acquired by Amgen 2011), and Plramed (acquired by Roche 2008).

Susan was appointed as a director of QBiotics Group on 14 October 2019 and is also a director of QBiotics Group's wholly owned subsidiary company, QBiotics UK Limited.

Dr Victoria Gordon
BAppSc (Hons) PhD GAICD

Executive Director Strategic Alliances and Investor Relations

Dr Victoria Gordon brings to QBiotics Group a sound scientific background combined with broad business management experience and a strong commercial emphasis. Victoria left her position as a research scientist in chemical ecology with the Commonwealth Scientific and Industrial Research Organisation ("CSIRO") to establish EcoBiotics Pty Ltd ("EcoBiotics") in 2000 and QBiotics in 2004. Victoria also governed the merger of EcoBiotics and QBiotics to form the QBiotics Group in 2017. Victoria's recent additional board experience includes Non-executive Director of Biopharmaceuticals Australia and Non-executive Director and Non-executive Chairman of the Australian Rainforest Foundation. Victoria's relevant committee memberships include two consecutive terms of the Queensland Government Biotechnology Advisory Council, Federal Government Expert Forum on Biomedicine, Federal Government Expert Forum on Environmental Biotechnology, and the Queensland Government Science Education Taskforce. In 2004 Dr Gordon was presented an award by the Queensland Premier for her service to the biotechnology industry.

Victoria has broad experience in the management of commercial research for Boral Timber Division, then one of Australia's largest plantation forestry companies, has owned and managed a number of small businesses and has held lecturing positions in industrial mycology and plant tissue culture at the University of Tasmania.

Victoria holds a PhD in Microbiology, Bachelor of Applied Science in Chemistry and Biology (Honours), Diplomas in Human and Animal Health, and is a Graduate of the Australian Institute of Company Directors.

Victoria was appointed as director of QBiotics Group on 24 February 2017 and is also a director of the QBiotics Group's wholly owned subsidiary companies, QBiotics Pty Ltd, EcoBiotics Pty Ltd, QBiotics Netherlands B.V. and QBiotics UK Limited.

Dr Paul Reddell
BSc (Hons) PhD FAICD

Executive Director and Chief Scientific Officer

Dr Paul Reddell brings to the Company expert scientific knowledge combined with extensive practical experience in leadership, resourcing, management and commercialisation of complex multi-institutional research and development projects. Paul is co-founder of EcoBiotics and QBiotics and has been CSO of both companies since their inception.

Prior to co-founding EcoBiotics in 2000, Paul gained an international reputation for his scientific expertise in tropical forest ecology and management. During that time, he held senior leadership positions as a Senior Principal Research Scientist and Program Leader at CSIRO's Tropical Forest Research Centre and later as Principal Plant Ecologist for an environmental consulting business in the Rio Tinto group of companies.

Paul holds a PhD in Forest Ecology and a Bachelor of Science (1A Honours) from the University of Western Australia. He has been a Fellow of the Australian Institute of Company Directors since 2007.

Paul was appointed as director of QBiotics Group on 24 February 2017 and is also a director of the QBiotics Group's wholly owned subsidiary companies, QBiotics Pty Ltd, EcoBiotics Pty Ltd, QBiotics Netherlands B.V. and QBiotics UK Limited.

Mr Andrew Denver
BSc (Hons) MBA FAICD

Non-executive Director

Mr Andrew Denver has extensive expertise relevant to QBiotics, including assisting in commercialisation in several technology companies. Andrew has wide ranging knowledge of the life sciences industry of which QBiotics is a part including risk assessment, financial reporting and general management, which are important in the success of QBiotics' business. Andrew was the interim Chief Executive Officer of Universal Biosensors, Inc. (UBI) from September 2010 to May 2011, a director of UBI from December 2002 to August 2017 and Chairman of UBI from September 2005 to August 2017. Andrew was Non-executive Director of Cochlear Ltd and a member of the Audit & Risk, Medical Science, Technology & Innovation and Nomination Committees of the Cochlear Ltd board, and Chairman of Speedx Pty Ltd (a molecular diagnostics company). Between 2002 and 2005, Andrew was President of Pall Asia, a subsidiary of Pall Corporation after the acquisition by Pall Corporation of US Filter's Filtration and Separations business, where he was also President. Pall Corporation is a technology based filtration, separation and purification multinational company.

Andrew is currently a Non-executive Director of Vaxxas, Inc.

Andrew graduated from the University of Manchester with a Bachelor of Science Degree (Honors) in Chemistry and achieved a distinction in his MBA at the Harvard Business School and is a Fellow of the Australian Institute of Company Directors.

Andrew was previously a director of QBiotics and was appointed as a director of QBiotics Group on 1 November 2017.

Professor Bruce Robinson AC
MD MSc FRACP FAHMS FAICD

Non-executive Director

Professor Bruce Robinson is an endocrinologist. He graduated from the University of Sydney in 1980 and then undertook studies for a Master of Science degree. His further molecular research work was performed at the Brigham and Women's Hospital and the Children's Hospital, Harvard Medical School from 1986–1989 and he was awarded a Doctor of Medicine from the University of Sydney in 1990. Bruce has developed and led the Cancer Genetics Laboratory since 1990 and has supervised over 35 doctoral and master's students working on the genetic basis for tumour formation and gene therapy. He has published over 300 peer-reviewed scientific articles. In 2003, Bruce was awarded the Daiichi Prize by the Asia and Oceania Thyroid Association for this work on the pathogenesis of thyroid cancer.

Until early 2016, Bruce was Associate Dean (International) in the Faculty of Medicine at the University of Sydney and was Head of the Division of Medicine at the Royal North Shore Hospital from 1998–2006. Bruce also served on the Council of the Endocrine Society of Australia from 2001–2005. He is on the editorial board of the international journals Nature, Clinical Practice and Endocrinology and Thyroid. Bruce has a strong interest in furthering relations between Australia and Asia and he is the Founding Chairman of Hoc Mai, the Australia–Vietnam Medical Foundation, which sponsors and supports medical, nursing, allied health and scientific exchanges between Australia and Vietnam. Bruce was awarded the People's Health Medal by the Vietnamese Government in 2008. He is a Fellow of the Australian Institute of Company Directors.

Bruce was the Chair of the Medicare Benefits Schedule (MBS) Review Taskforce, which considered how services could be aligned with contemporary clinical evidence and improve health outcomes for patients. Until 2021 he served as the Chair of the Council of National Health and Medical Research Council (NHMRC).

Bruce is Co-Head of the Cancer Genetics Laboratory at the Kolling Institute at the Royal North Shore Hospital, and the Dean of Medicine 2006–2016 at the University of Sydney.

Bruce currently holds Non-executive Director roles with ASX-listed healthcare companies Cochlear Limited and Mayne Pharma Limited. Professor Robinson was previously a director of QBiotics and was appointed as a director of QBiotics Group on 1 November 2017.

Mr Hamish Corlett
BCom GDipCouns

Non-executive Director

Mr Hamish Corlett is a Co-Founder and Partner at TDM Growth Partners, a private investments firm specialising in high growth companies globally. Hamish brings more than 20 years' experience in investing and investment banking from multiple top-tier investment firms to his role on the QBiotics Board.

Hamish is currently a Non-executive Director of Somnomed Limited, a medical company providing treatment solutions for sleep-related breathing disorders. He is also Chair of Somnomed's Remuneration Committee. Hamish was previously a Non-executive Director of Tyro Payments Limited (April 2019 to November 2021).

Hamish holds a Bachelor of Commerce with Honours Class 1 (Accounting and Finance) from the University of Sydney and a Graduate Diploma of Counselling from the Australian College of Applied Psychologists.

Hamish was appointed as a director of QBiotics Group on 9 April 2021.

Mark Fladrich
BPharm MBA GAICD

Non-executive Director

Mark Fladrich is an experienced pharmaceutical executive with a passion for bringing innovative medicines to patients. He has more than 30 years of experience in the pharmaceutical industry, with over 20 years at AstraZeneca.

Mark brings to QBiotics Group broad global commercial strategy and implementation experience across all phases of the pharmaceutical product lifecycle in a broad range of therapy areas including: oncology, wound healing, respiratory, cardiovascular, diabetes and metabolism, gastrointestinal, psychiatric disorders, antibiotics and pain management.

Mark was most recently Chief Commercial Officer of Grunenthal - a mid-sized privately owned German company specialising in pain management, where he led the commercial organisation - expanding Grunenthal's footprint beyond Europe and Latin America to establish a commercial presence in the US and relaunch an important pain management treatment in that market.

In his 23 years at AstraZeneca, Mark held several senior roles including Vice President Global Strategic Marketing, Country President roles in Germany, Australia and New Zealand and Regional Head of Southern and Western Europe. Prior to joining AstraZeneca, Mark held various roles at Allergan (now part of AbbVie Inc) and Faulding Pharmaceuticals in Australia.

Mark is currently a Board Observer and Strategic Advisor at HealthMatch, a Sydney based digital startup which has developed a platform to enable patients to match themselves to clinical trials. He is also Chair of the Strategic Advisory Board for Atacana, a consulting firm which specialises in competitive intelligence and strategy consulting to the pharmaceutical and biotech industry, currently serving 7 of the top 10 global pharma companies.

Mark holds a Bachelor of Pharmacy (University of South Australia), Master of Business Administration (Macquarie university), and is a member of the Australian Institute of Company Directors.

Mark was appointed as director of QBiotics Group on 20 May 2024.

David Phillips
BSc (Hons)

Non-executive Director

David Phillips brings to QBiotics Group more than four decades of experience in the global healthcare and pharmaceutical industry. David was previously a senior international marketing executive with Glaxo Wellcome (now GlaxoSmithKlein (GSK)) and also a Managing Partner with GSK's Corporate Venture Fund, SR One.

David spent over a decade at Board level and Chief Business Officer roles at Argenta Discovery, The Automation Partnership and Galapagos NV.

In the latter part of his career, David was both an Executive Director and Non-executive Director of Suda Pharmaceuticals (now Arovella, ASX: ALA). He is now Non-executive Chair of Inosi Therapeutics, a spin-out from Monash University developing novel therapeutics for fibrosis.

David has been responsible for capital raisings globally, as well as the execution of over 50 pharmaceutical and biotechnology deals and 10 mergers and acquisitions.

David holds a Bachelor of Science (Hons) in Pharmacology from Kings College, London.

David was appointed as director of QBiotics Group on 20 May 2024.

2. Company secretary

Mr Michael Wenzel
BCom FCA CIA GIA(Cert) GAICD

Company Secretary and Chief Financial Officer

Michael joined QBiotics Group in 2011. Prior to this Michael worked for over 13 years in the audit and advisory divisions of KPMG. During this time, he gained a wealth of experience across a range of industries, including biotechnology, as a senior engagement manager, key client contact, and quality control reviewer on a variety of external and internal audits of publicly listed companies, unlisted companies, foreign owned subsidiaries, government entities and not-for profit entities.

Michael holds a Bachelor of Commerce, is a Fellow of Chartered Accountants Australia and New Zealand, a Certified Internal Auditor and an Associate Member of Institute of Internal Auditors – Australia. Michael is a Certificated Member of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors. Michael is also a Registered Company Auditor.

Michael was appointed Company Secretary on 1 November 2017.

3. Directors' meeting attendance

The number of directors' meetings and committee meetings attended by each director during the financial year are:

Director	Board meetings		Audit and Risk Committee meetings		Remuneration Committee meetings	
	A	B	A	B	A	B
Dr Susan Foden	8	8	5	5	3	3
Dr Victoria Gordon	8	8	3	3	1	1
Dr Paul Reddell	8	8	2	2	1	1
Mr Andrew Denver	8	8	5	5	3	3
Professor Bruce Robinson AC	8	8	1	1	2	2
Mr Hamish Corlett	8	8	4	5	3	3
Mr Mark Fladrich~	-	-	-	-	-	-
Mr David Phillips~	-	-	-	-	-	-
Dr Steven Ogbourne*	5	5	2	2	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director was eligible to attend or invited to attend

* Mr Steven Ogbourne resigned as a director on 1 December 2023.

~ Mr Mark Fladrich and Mr David Phillips were appointed as directors on 20 May 2024

4. Company particulars

The Company is incorporated in Australia. The address of the registered office is Suite 3A, Level 1, 165 Moggill Road, Taringa Qld 4068.

5. Principal activities

The principal activities of the Group, comprising the Company and its subsidiaries (together referred to as "the Group"), during the period was the research, development and commercialisation of biologically active new chemical entities for application as human and veterinary pharmaceuticals.

The Group's primary focus during the year was on the research and development of the anticancer drug tigilanol tiglate and the wound healing drug candidate EBC-1013. The Group also progressed the early-stage research and development programmes for antimicrobial and anti-inflammatory products as well as explore possible non-pharmaceutical products.

The Group's commercialisation activities focused on securing an international licensing or collaboration partner for the tigilanol tiglate human oncology programme and marketing of QBiotics' veterinary oncology pharmaceutical STELFONTA®, through the Group's marketing and distribution partner Virbac.

There were no significant changes in the nature of the Group's principal activities during the year.

6. Operating and financial review

The Group reported a loss for the year ended 30 June 2024 of $17,510,885 (year ended 30 June 2023: $21,621,845 (restated)) and recognised a R&D tax incentive of $7,401,963 for the year ended on that date (year ended 30 June 2023: $8,631,693) which the Group will be able to claim at the end of the financial year.

7. Dividends

No dividends were paid or declared by the Company since the end of the previous financial year.

8. Likely developments

The Group will continue to undertake research, development and commercialisation of biologically active new chemical entities for application as human and veterinary pharmaceuticals. Information on likely developments in the operations of the Group is included in the Year in Review section on page 10.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

10. Indemnification and insurance of officers and auditors

(a) Indemnification

To the extent permitted by law and subject to the restrictions in section 199A of the *Corporations Act 2001*, the Group indemnifies and must continually indemnify every person who is or has been an officer of the Group (including a director or secretary) against liability (including liability for costs and expenses) incurred by that person as an officer of the Group where the Group requested the officer to accept that appointment, except where the liability arises out of conduct involving a lack of good faith.

(b) Insurance premiums

The Group has paid insurance premiums in respect of directors' and officers' liability insurance contracts for current directors and officers, including company secretaries and officers or holders of equivalent positions in any jurisdiction of the Group. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

11. Auditor's independence declaration

The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 59 and forms part of this directors' report for the year ended 30 June 2024.

This directors' report is made out in accordance with a resolution of the directors:

Dr Susan Foden
Executive Chair

Dated at Sydney this 26th day of August 2024.

03

Consolidated Financial Statements

QBiotics Group Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 $	Restated* 2023 $
Revenue	3	1,284,777	2,508,398
Government grants	4	7,401,963	8,631,693
Other income		15,400	6,820
		8,702,140	11,146,911
Expenses			
Changes in inventories of finished goods and work in progress		(465,094)	(16,892)
Inventory purchases		295,184	1,834,697
Business compliance and advisory expenses		689,076	673,391
Depreciation and amortisation expenses		896,655	752,707
Facilities expenses		259,781	347,838
Personnel expenses	19(b)	11,768,470	13,268,769
Research and development contractors and related expenses		12,411,508	14,388,614
Marketing contractors and regulatory expenses		1,031,281	1,911,988
Technology and communications expenses		431,655	440,123
Travel and accommodation expenses		649,934	1,203,108
Other expenses		279,831	352,214
Total expenses		28,248,281	35,156,557
Results from operating activities		**(19,546,141)**	**(24,009,646)**
Finance income		2,135,764	2,485,105
Finance costs		(100,508)	(97,302)
Net finance income		2,035,256	2,387,803
Loss before tax		**(17,510,885)**	**(21,621,843)**
Tax expense	5(a)	-	-
Loss for the period		(17,510,885)	(21,621,843)
Other comprehensive income			-
Total comprehensive income for the year		**(17,510,885)**	**(21,621,843)**
Attributable to:			
Owners of the Company		(17,510,885)	(21,621,843)
		Cents	**Cents**
Earnings per share:			
Basic earnings per share	6(a)	(3.59)	(4.43)
Diluted earnings per share	6(b)	(3.59)	(4.43)

* See Note 2(e)

The notes on pages 24 to 53 are an integral part of these financial statements.

QBiotics Group Limited

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Note	Attributable to owners of the Company			
		Share capital $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022 as previously reported		189,388,722	2,796,943	(96,871,127)	95,314,538
Impact of restatement	2(e)	-	-	(1,995,123)	(1,995,123)
Restated balance at 1 July 2022		189,388,722	2,796,943	(98,866,250)	93,319,415
Total comprehensive income for the year					
Loss for the year (restated)		-	-	(21,621,843)	(21,621,843)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year (restated)		-	-	(21,621,843)	(21,621,843)
Transactions with owners of the Company, recognised directly in equity					
Contributions by owners					
Options exercised		215,060	(45,821)	-	169,239
Options cancelled		-	(100,905)	-	(100,905)
Share-based payment transactions	20	1,575	960,724	-	962,299
Total contributions by owners of the Company		216,635	813,998	-	1,030,633
Restated balance at 30 June 2023		**189,605,357**	**3,610,941**	**(120,488,093)**	**72,728,205**
Balance at 1 July 2023		189,605,357	3,610,941	(120,488,093)	72,728,205
Total comprehensive income for the year					
Loss for the year		-	-	(17,510,885)	(17,510,885)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(17,510,885)	(17,510,885)
Transactions with owners of the Company, recognised directly in equity					
Contributions by owners					
Options exercised		329,081	(329,081)	-	-
Share-based payment transactions	20	54,995	470,007	-	525,002
Transfer to accumulated losses	20	-	(754,027)	754,027	-
Total contributions by owners of the Company		384,076	(613,101)	754,027	525,002
Balance at 30 June 2024		**189,989,433**	**2,997,840**	**(137,244,951)**	**55,742,322**

The notes on pages 24 to 53 are an integral part of these financial statements.

QBiotics Group Limited

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 $	Restated* 2023 $	Restated* 1 July 2022
Assets				
Cash and cash equivalents	7	6,927,293	6,130,178	18,278,410
Term deposits	8	36,551,970	52,965,967	54,919,641
Trade and other receivables	9	8,196,459	9,682,105	6,789,127
Contract assets	3(c)	455,726	196,478	800,042
Inventory	10	838,961	1,453,729	1,776,415
Prepayments	12	1,437,356	1,259,985	1,743,973
Total current assets		**54,407,765**	**71,688,442**	**84,307,608**
Term deposits	8	-	-	11,000,000
Contract assets	3(c)	521,208	592,815	290,384
Inventory	10	1,312,327	948,473	1,248,932
Prepayments	12	1,813,791	2,587,255	-
Property, plant and equipment	13	3,245,403	3,280,942	2,863,532
Right-of-use assets	14	791,006	1,044,523	892,174
Intangible assets	15	394,595	433,512	466,644
Total non-current assets		**8,078,330**	**8,887,520**	**16,761,666**
Total assets		**62,486,095**	**80,575,962**	**101,069,274**
Liabilities				
Contract liabilities	3(d)	91,345	153,596	112,918
Trade and other payables	16	3,231,513	3,977,177	4,218,847
Lease liabilities	17	588,291	551,973	397,747
Employee benefits	19	1,980,624	1,729,269	1,479,252
Total current liabilities		**5,891,773**	**6,412,015**	**6,208,764**
Contract liabilities	3(d)	91,346	230,392	545,769
Lease liabilities	17	317,304	649,685	700,928
Provisions	18	24,225	22,464	21,054
Employee benefits	19	419,125	533,201	273,344
Total non-current liabilities		**852,000**	**1,435,742**	**1,541,095**
Total liabilities		**6,743,773**	**7,847,757**	**7,749,859**
Net assets		**55,742,322**	**72,728,205**	**93,319,415**
Equity				
Share capital	20(a)	189,989,433	189,605,357	189,388,722
Share-based payments reserve	20(b)	2,997,840	3,610,941	2,796,943
Accumulated losses		(137,244,951)	(120,488,093)	(98,866,250)
Total equity		**55,742,322**	**72,728,205**	**93,319,415**

* See Note 2(e)

The notes on pages 24 to 53 are an integral part of these financial statements.

QBiotics Group Limited

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 $	Restated* 2023 $
Cash flows from operating activities			
Cash received from:			
Government grants		8,635,348	6,389,883
Customers		868,574	2,687,121
GST refunds		637,531	812,630
Other income		2,150	2,415
Cash paid to suppliers and employees		(27,367,154)	(35,264,554)
Net cash used in operating activities	22	(17,223,551)	(25,372,505)
Cash flows from investing activities			
Interest received		2,551,600	1,362,780
Net proceeds from term deposits		16,413,997	12,953,674
Acquisition of property, plant and equipment	13	(403,143)	(783,250)
Acquisition of intangible assets	15	-	(987)
Proceeds from sale of property, plant and equipment		60,000	11,474
Net cash from investing activities		18,622,454	13,543,691
Cash flows from financing activities			
Proceeds from shares issued	20(a)	-	169,239
Payment of lease liabilities	17	(601,788)	(488,657)
Net cash used in financing activities		(601,788)	(319,418)
Net increase/(decrease) in cash and cash equivalents		797,115	(12,148,232)
Cash and cash equivalents at 1 July		6,130,178	18,278,410
Cash and cash equivalents at 30 June	7	**6,927,293**	**6,130,178**

* See Note 2(e)

Cash and cash equivalents at 30 June 2024 referred to above does not include term deposits of $36,551,970 (2023: $52,965,967) disclosed separately in the statement of financial position.

The notes on pages 24 to 53 are an integral part of these financial statements.

1. Corporate information

QBiotics Group Limited (the "Company" or "QBiotics Group") is a public unlisted company domiciled in Australia. The address of the Company's registered office is Suite 3A, Level 1, 165 Moggill Road, Taringa Qld 4068. These consolidated financial statements ("financial statements") as at and for the year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as "the Group"). As at 30 June 2024, the Company had four, wholly-owned legal subsidiaries: QBiotics Pty Ltd ("QBiotics"), EcoBiotics Pty Ltd ("EcoBiotics"), QBiotics Netherlands B.V. ("QBiotics Netherlands") and QBiotics UK Limited ("QBiotics UK").

The Group is for-profit and is primarily involved in the development of pharmaceuticals for the human and veterinary markets.

At 30 June 2024 the Company has 2,595 shareholders (2023: 2,585) and is a disclosing entity.

2. Basis of preparation

(a) Statement of compliance

The 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 comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors on the date shown on the directors' declaration.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for share-based payment arrangements and forward exchange contracts which are measured at fair value.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs 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 estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised and disclosed in the financial statements is included in the following notes:

- Note 2(e) – Change in accounting policy
- Note 3 – Revenue
- Note 4 – Government grants
- Note 5 – Taxes
- Note 10 – Inventory
- Note 11 – Biological assets
- Note 17 – Lease liabilities
- Note 20 – Share capital and share-based payments reserve

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the functional currency of QBiotics Group, QBiotics, EcoBiotics, QBiotics Netherlands and QBiotics UK.

Foreign exchange losses of $37,301 (2023: Gains $440,538) are included within finance income in the consolidated statement of profit or loss and other comprehensive income.

2. Basis of preparation (continued)

(e) Changes in accounting policies

(i) Change in accounting policy – intangible assets - patent costs

During the period, the Group changed its accounting policy by revising the criteria for capitalising patent costs to align the same with the recognition requirements for capitalising development costs. The Group now applies the following accounting policy.

Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Patents	All patent costs incurred in acquiring and extending patents are expensed as incurred except to the extent such costs relate to research and development projects which satisfy the above recognition requirements for development costs. Subsequent to initial recognition, patents are measured at cost less accumulated amortisation and any accumulated impairment losses.
Intellectual property	Other intellectual property has a finite useful life and is measured at cost less accumulated amortisation and any accumulated impairment losses.
Trademarks	Trademarks have a finite useful life and are measured at cost less accumulated amortisation and any accumulated impairment losses.
Water licences	Water licences have an indefinite useful life as they do not expire and can be sold. Water licences are measured at cost less accumulated impairment losses.

Prior to this change in accounting policy, the Group capitalised all patent costs incurred in acquiring and extending patents.

The new accounting policy is more closely aligned with latest industry practice and accounting practices adopted by other life science companies. The Group considers this alignment to reflect a prudent approach which more closely aligns the accounting to the expected economic benefit of the patents being protected as reflected by the accounting policy for the associated intellectual property. Consequently, the Group is of the opinion that the change in accounting policy results in the financial statements providing more relevant and reliable information.

(ii) Impact of change in accounting policy

The impact of this voluntary change in accounting policy on the financial statements is summarised in the following tables.

Statement of financial position

	30 June 2023			1 July 2022		
	As previously reported $	Impact of restatement $	As restated $	As previously reported $	Impact of restatement $	As restated $
Total current assets	71,688,442	-	71,688,442	84,307,608	-	84,307,608
Intangible assets	2,427,989	(1,994,477)	433,512	2,461,767	(1,995,123)	466,644
Other non-current assets	8,454,008	-	8,454,008	16,295,022	-	16,295,022
Total non-current assets	10,881,997	(1,994,477)	8,887,520	18,756,789	(1,995,123)	16,761,665
Total assets	82,570,439	(1,994,477)	80,575,962	103,064,397	(1,995,123)	101,069,274

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

(ii) Impact of change in accounting policy (continued)

Statement of financial position (continued)

	30 June 2023			1 July 2022		
	As previously reported $	Impact of restatement $	As restated $	As previously reported $	Impact of restatement $	As restated $
Total liabilities	7,847,757	-	7,847,757	7,749,859	-	7,749,859
Net assets	74,722,682	(1,994,477)	72,728,205	95,314,538	(1,995,123)	93,319,415
Equity						
Share capital	189,605,357	-	189,605,357	189,388,722	-	189,388,722
Share-based payments reserve	3,610,941	-	3,610,941	2,796,943	-	2,796,943
Accumulated losses	(118,493,616)	(1,994,477)	(120,488,093)	(96,871,127)	(1,995,123)	(98,866,250)
Total equity	74,722,682	(1,994,477)	72,728,205	95,314,538	(1,995,123)	93,319,415

Statement of profit or loss and other comprehensive income

	As previously reported $	30 June 2023 Impact of restatement $	As restated $
Total income	11,146,911	-	11,146,911
Expenses			
Depreciation and amortisation expenses	1,245,623	(492,916)	752,707
Research and development contractors and related expenses	13,896,344	492,270	14,388,614
Other unimpacted expense categories	20,015,236	-	20,015,238
Total expenses	35,157,203	(646)	35,156,557
Results from operating activities	**(24,010,292)**	**(646)**	**(24,009,646)**
Net finance income	2,387,803	-	2,387,803
Loss before tax	**(21,622,489)**	**(646)**	**(21,621,843)**
Tax expense	-	-	-
Loss for the period	(21,622,489)	(646)	(21,621,843)
Other comprehensive income	-	-	-
Total comprehensive income for the period	**(21,622,489)**	**(646)**	**(21,621,843)**
Attributable to:			
Owners of the Company	(21,622,489)	(646)	(21,621,843)
	Cents	**Cents**	**Cents**
Earnings per share:			
Basic earnings per share	(4.43)	-	(4.43)
Diluted earnings per share	(4.43)	-	(4.43)

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

(ii) Impact of change in accounting policy (continued)

Statement of cash flows

$492,270 previously reported for the year ended 30 June 2023 as "acquisition of intangible assets" in the cash flows from investing activities has been reclassified to "cash paid to suppliers and employees" in cash flows from operating activities.

(iii) Material accounting policy information

The Group also adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in various Material accounting policies (2023: Significant accounting policies) in line with the amendments.

3. Revenue

(a) Disaggregated revenue

The Group's revenue disaggregated is as follows:

	2024 $	2023 $
Point in time		
Product sales revenue	713,958	1,323,708
Total point in time	**713,958**	**1,323,708**
Over time		
Milestone revenue	201,297	550,345
Sales-based revenues	369,522	634,345
Total over time	**570,819**	**1,184,690**
Total revenue	**1,284,777**	**2,508,398**

(b) Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

Contract assets	976,934	789,293
Contract liabilities	(182,691)	(383,988)
Total contract balance	**794,243**	**405,305**

The contract assets primarily relate to the Group's rights to consideration for product delivered at the reporting date. The amount of the contract asset is based on future sales of the product by the customer and is estimated using the contract terms and the most likely sales outcomes. The contract assets will be transferred to receivables when the rights become unconditional.

The contract liabilities relate to two milestone payments received from the customer relating to the sale, marketing and distribution of STELFONTA® for which revenue is recognised over time. The amounts have been and will continue to be recognised into revenue between February 2020 and December 2025 as product is shipped by the Group to the customer.

3. Revenue (continued)

(c) Contract assets

	2024 $	2023 $
Balance at 1 July	789,293	1,090,426
Revenue recognised	369,521	909,991
Deferred payment invoiced	(173,925)	(1,292,812)
Foreign exchange movements in asset	(7,955)	81,688
Balance at 30 June	**976,934**	**789,293**
Current contract assets	455,726	196,478
Non-current contract assets	521,208	592,815
Total contract assets	**976,934**	**789,293**

(d) Contract liabilities

Balance at 1 July	383,988	658,687
Contract liability recognised into revenue	(201,297)	(274,699)
Balance at 30 June	**182,691**	**383,988**
Current contract liability	91,345	153,596
Non-current contract liability	91,346	230,392
Total contract liabilities	**182,691**	**383,988**

(e) Material accounting policies – revenue

Revenue from contracts with customers is measured and recognised in accordance with the five-step model prescribed by AASB 15 *Revenue from Contracts with Customers*. First, contracts with customers within the scope of AASB 15 are identified. Distinct promises with the contract are identified as performance obligations. The transaction price of the contract is measured based on the amount of consideration the Group expects to be entitled from the customer in exchange for goods or services. Factors such as requirements around variable consideration, significant financing components, non-cash consideration, or amounts payable to customers also determine the transaction price. Revenue is recognised when, or as, performance obligations are satisfied, which is when control of the promised good or services is transferred to the customer.

Revenue is measured on the relative stand-alone selling price of the performance obligation delivered. If the contract contains variable consideration, the variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group has three forms of consideration, product sales, milestone payments and sales-based revenues. Product sales are measured at a point in time while milestone payments and sales-based payments are measured over time.

(i) Product sales

Product sales revenue not yet invoiced under the contract are recorded as contract assets within the consolidated statement of financial position. Amounts expected to be invoiced within the 12 months following the end of the financial period are classified as current assets. Amounts not expected to be invoiced within 12 months following the end of the financial period are classified as non-current assets. Where recognition as revenue has occurred more than 12 months prior to invoicing, consideration is made as to the whether a financing arrangement has been entered into. At reporting date, no such contracts have been identified.

3. Revenue (continued)

(e) Material accounting policies – revenue (continued)

(i) Product sales (continued)

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised for the contract will not occur, in which instance, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for the specific type of product. In these circumstances, a refund liability and an asset representing the right to recover returned goods are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

(ii) Milestone payments

The receipt of milestone payments is often contingent on meeting certain regulatory or commercial targets and is therefore considered variable consideration. The Group estimates the transaction price of the contingent milestone using the estimated amount method.

Milestone payments that are contingent upon events not within the control of the Group, such as regulatory approvals, are considered subject to constraint and not recognised until they are highly probable of being achieved. Any changes in the transaction price are allocated to all performance obligations in the contract unless the variable consideration relates only to one or more, but not all, of the performance obligations.

When consideration for milestones is able to be reliably estimated and not constrained, revenue is recognised on a systematic basis representing the proportion of achievement of the milestone.

Milestone payments received prior to satisfying the revenue recognition criteria are recorded as contract liabilities within the consolidated statement of financial position. Amounts expected to be recognised as revenue within the 12 months following the end of the financial period are classified as current liabilities. Amounts not expected to be recognised as revenue within 12 months following the end of the financial period are classified as non-current liabilities. Where recognition as revenue is expected to extend beyond 12 months following the date of the contract becoming effective, consideration is made as to the whether a financing arrangement has been entered into. At reporting date, no such contracts have been identified.

(iii) Sales-based revenues

When consideration is based on the customer's sale of the products, the Group applies the general requirements of variable consideration.

(iv) Concentration of risk

All of the Company's revenues are sourced from one customer.

4. Government grants

(a) Research and development tax incentive

The Group undertakes research and development activities which are eligible for tax incentives under Australian Tax law. Eligible research and development costs incurred during the year include expenses from all expenditure categories disclosed by nature in the statement of profit or loss and other comprehensive income. Total eligible research and development costs incurred for the year were $17,016,007 (2023: $19,842,973).

The Australian Government's *R&D Tax Incentive* has been recognised as a government grant at the rate of 43.5% (2023: 43.5%) of eligible research and development costs incurred and recognised in profit or loss during the year. Consequently, at 30 June 2024 an amount of $7,401,963 (2023: $8,631,693) has been recognised as an other receivable and a government grant.

4. Government grants (continued)

(b) Material accounting policies – government grants

(i) Tax incentives

The Group recognises R&D tax incentives as follows:

- Refundable tax offsets are recognised as a government grant when there is reasonable assurance that the grant will be received and all conditions have been complied with. The grant is recognised in profit or loss on a systematic basis over the periods in which the Group recognised as expenses the related eligible research and development activities which the grant is intended to compensate.
- Non-refundable tax offsets will be recognised as part of tax expense during the period in which the Group recognised the related eligible research and development activities.

(ii) Other government grants and incentives

Other government grants and incentives are recognised when there is reasonable assurance that the grant will be received, and all conditions have been complied with.

5. Taxes

(a) Tax expense

(i) Tax recognised in profit or loss

	2024 $	Restated* 2023 $
Current year tax expense	-	-
Deferred tax expenses		
Origination and reversal of temporary differences	(544,768)	149,102
Impact of prior period adjustments	-	7,300
Change in unrecognised deductible temporary difference	544,768	(156,402)
	-	-
Total tax expense	**-**	**-**

(ii) Tax recognised directly in equity

Origination and reversal of temporary differences	(83,877)	(100,294)
Change in unrecognised deductible temporary differences	83,877	100,294
Total tax recognised directly in equity	**-**	**-**

(b) Reconciliation between tax expense and loss before tax

Loss before tax	(17,510,885)	(21,621,843)
Tax benefit using the expected, future domestic corporation tax rate of 25% (2023: 25%)	(4,377,721)	(5,405,461)
Increase/(decrease) in tax expense due to:		
Non-temporary differences:		
Non-assessable government grant	(1,850,491)	(2,157,923)
Capital raising cost deduction	(83,877)	(100,294)
Non-deductible expenses	154,591	261,609
Research and development offset claimed	4,254,001	4,960,743
Impact of lower overseas tax rate	77,675	52,183
	(1,825,822)	(2,389,143)
Current year unrecognised temporary differences	(544,768)	149,102
Prior year differences in tax losses	(113,967)	-
Current year losses for which no deferred tax asset was recognised	2,484,557	2,240,041
Tax expense	**-**	**-**

5. Taxes (continued)

(c) Unrecognised deferred tax assets and liabilities

	2024 $	Restated* 2023 $
A deferred tax asset has not been recognised in respect of the following items:		
Temporary differences	28,846,508	29,475,151
Tax losses	14,349,868	11,865,312
Total unrecognised deferred tax assets and liabilities	**43,196,376**	**41,340,463**

Unrecognised deductible temporary differences

Unrecognised deductible temporary differences exist in respect of the following items:		
Temporary differences impacting profit or loss	28,797,302	29,342,069
Temporary differences impacting equity	49,206	133,082
Total unrecognised deductible temporary differences	**28,846,508**	**29,475,151**

* See Note 2(e)

Unrecognised deductible temporary differences of $26,576,373 (2023: $26,576,373) can only be realised on the disposal of the business.

The deductible temporary differences and tax losses do not expire under current tax legislation. Net 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 Group can utilise these benefits.

(d) Material accounting policies - taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax 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.

(i) Deferred tax

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 income 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.

(ii) Tax exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iii) Tax consolidation

From 1 August 2017, the Company and its wholly-owned Australian resident subsidiaries are part of a tax-consolidated group under Australian tax law. QBiotics Group is the head entity in the tax-consolidated group (the "Head Company").

Current tax liabilities and assets, and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Head Company.

5. Taxes (continued)

(d) Material accounting policies – taxes (continued)

(iii) Tax consolidation (continued)

Entities within the tax-consolidated group have entered into a Tax Funding Agreement and a Tax Sharing Agreement with the Head Company. Under the terms of the Tax Funding Agreement, QBiotics Group and each of the entities in the tax-consolidated group has agreed that current and deferred tax balances must be determined in accordance with the requirements of Urgent Issues Group Interpretation 1052 *Tax Consolidation Accounting* ("UIG 1052") and that the current and deferred tax balances be recognised and measured as if each party was a stand-alone taxpayer, with the necessary modifications to ensure there is no equity adjustment under UIG 1052. The Head Company will recognise current tax liabilities or assets, and deferred tax assets arising from unused tax losses and unused relevant tax credits, assumed from the entities in the tax-consolidated group and the members of the tax consolidated group will recognise deferred taxes relating to temporary differences.

6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 30 June 2024 was based on the loss attributable to ordinary shareholders of $17,510,885 (2023: loss of $21,621,843) and a weighted average number of ordinary shares calculated as follows:

Weighted average number of ordinary shares	2024 #	2023 #
Issued ordinary shares at 1 July	488,010,385	487,756,371
Effect of ordinary shares issued during the year	171,440	235,496
Weighted average number of shares	**488,181,825**	**487,991,867**

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2024 was based on the loss attributable to ordinary shareholders of $17,510,885 (2023: loss of $21,621,843) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2024 of 488,181,825 (2023: 487,991,867).

At 30 June 2024 and 30 June 2023 all ordinary share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The Group 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 year. 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 granted to employees.

7. Cash and cash equivalents

	2024 $	2023 $
Petty cash	9,517	12,778
Bank balances	6,917,777	6,117,400
Cash and cash equivalents in the statement of cash flows	**6,927,293**	**6,130,178**

8. Term deposits

Current	36,551,970	52,965,967
Non-current	-	-
Total term deposits	**36,551,970**	**52,965,967**

8. Term deposits (continued)

The Group holds a variety of short-term term deposits at major Australian banks. The term deposits bear interest rates ranging between 4.70% and 5.18% (2023: 3.25% and 5.08%) and have maturity dates ranging from 5 July 2024 to 25 June 2025 (2023: 6 July 2023 to 26 June 2024). Term deposits totalling $165,566 (2023: $161,458) secure bank guarantees related to our Cairns and Taringa premise leases.

9. Trade and other receivables

	2024 $	2023 $
Trade receivables	274,351	183,529
Accrued interest	523,800	866,883
R&D Tax Incentive receivable	7,398,308	8,631,693
Total trade and other receivables	**8,196,459**	**9,682,105**

30 June 2023 comparative information has been restated for changes in account mappings to be consistent with disclosures for the period ended 30 June 2024. Results for the period are unchanged.

10. Inventory

Current	838,961	1,453,729
Non-current	1,312,327	948,473
Total inventory	**2,151,288**	**2,402,202**
Raw materials	118,560	70,560
Work in progress	1,665,121	1,770,456
Finished goods	367,607	561,186
Total inventory	**2,151,288**	**2,402,202**
Gross inventory	3,077,645	4,247,885
Less provisions	(926,357)	(1,845,682)
Total inventory	**2,151,288**	**2,402,202**

Inventory valued at $221,861 was included in profit and loss as an expense (2023: $471,462).

As of 30 June 2024, inventory is shown net of a provision of $926,357 (2023: $1,845,682) which was recorded to write-down finished goods to their net realisable value. In the year ended 30 June 2024, an expense recovery of $612,858 was recognised as part of Changes in inventories of finished goods and work in progress related to the reversal of a prior year write down of work in progress inventory. The reversal was the result of the Group receiving regulatory approval during the year to use raw material sourced from its own plantation in commercial production. An additional $305,587 of provision was reversed during the year ended 30 June 2024 when finished goods were disposed of due to expiry. The reversal of the disposed finished goods had no effect on the statement of profit and loss for the year ended 30 June 2024.

In the year ended 30 June 2023, $572,965 of provision related to years prior to 30 June 2024. Of the $1,272,717 of expense recognised in the year ended 30 June 2023 related to the write-down of finished goods to their net realisable value, $563,940 was expensed to Research and development contractors' expenses and the remaining $708,777 was expensed as part of Changes in inventories of finished goods and works in progress.

Raw materials and work in progress inventory currently do not expire. Consequently, the Group does not recognise a provision for these inventories.

10. Inventory (continued)

(a) Material accounting policies - inventory

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of work in progress and finished goods that are specifically identifiable by production batch are assigned using the specific identification of costs to the batch and weighted average within the batch. Costs of ordinarily interchangeable items (mainly raw materials and consumables) are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Each class of inventory is assessed at period end and it is identified whether the inventory holding represents a "normal operating cycle". Where the inventory is deemed to be representative of a normal operating cycle, the inventory is classified as current. Should any inventories be identified that exhibit characteristics that diverge from what would be expected in a normal operating cycle, then the inventory level is assessed against planned usage, and any amounts exceeding the anticipated usage within 12 months from the end of the accounting period are classified as non-current.

11. Biological assets

During June 2024, the Group received regulatory approval to use plantation grown raw material for the manufacturing of its pharmaceutical products. Consequently, the Group commenced to account for biological assets created by the Group in the form of fruit on trees with effect from this date.

At 30 June 2024, no value has been attributed to fruit on trees which reflects that June does not fall within the fruits growing season (2023: nil).

(b) Measurement of biological assets at cost – Fruit on trees

As the fair value cannot be measured reliably due to the lack of an external market, fruit on trees are measured at cost. The cost approach takes into account actual costs incurred in maintaining the fruit on trees between the time of flowering and harvest.

(c) Risk management strategies related to agricultural activities

The Group is exposed to the following risks relating to its agricultural activities. These risks and management's strategies to mitigate them are described below.

(i) Regulatory risk

The Group is subject to laws and regulations in various countries in which its pharmaceutical product is registered. The Group has established policies and procedures aimed at compliance with these laws and regulations.

(ii) Climate-related risks

The Group's plantation is exposed to the risk of damage from extreme weather events including storms, cyclones and drought. Changes in global climate-related conditions could intensify one or more of these events. The Group has extensive processes in place aimed at monitoring and mitigating these risks including protected cropping techniques, proactive management and early detection.

(d) Material accounting policies – biological assets

Biological assets are measured at their fair value less costs to sell at each reporting date. The fair value is determined as the net present value of cash flows expected to be generated by these crops (including a risk adjustment factor). Where fair value cannot be measured reliably, biological assets are measured at cost.

12. Prepayments

	2024 $	2023 $
Current	1,437,356	1,259,985
Non-current	1,813,791	2,587,255
Total prepayments	**3,251,147**	**3,847,240**
Down payments and deposits	2,884,995	3,047,241
Prepayments	366,152	799,999
Total prepayments	**3,251,147**	**3,847,240**

13. Property, plant and equipment

Cost	Land and buildings $	Plant and equip-ment $	Furniture and fittings $	Computer system $	Assets under con-struction $	Total $
Balance at 1 July 2022	2,957,582	1,050,586	49,591	199,592	-	4,257,352
Additions	309,829	385,589	21,907	65,925	-	783,250
Disposals	(103,017)	(16,364)	-	(32,847)	-	(152,228)
Balance at 30 June 2023	3,164,394	1,419,811	71,498	232,670	-	4,888,373
Balance at 1 July 2023	3,164,394	1,419,811	71,498	232,670	-	4,888,373
Additions	63,217	298,559	-	17,599	23,768	403,143
Disposals	-	(86,994)	-	(51,732)	-	(138,726)
Balance at 30 June 2024	**3,227,611**	**1,631,376**	**71,498**	**198,537**	**23,768**	**5,152,790**
Accumulated depreciation and impairment losses						
Balance at 1 July 2022	626,347	634,058	28,841	104,574	-	1,393,820
Depreciation for the year	146,590	144,472	4,125	59,045	-	354,232
Disposals	(103,018)	(5,453)	-	(32,150)	-	(140,621)
Balance at 30 June 2023	669,919	773,077	32,966	131,469	-	1,607,431
Balance at 1 July 2023	669,919	773,077	32,966	131,469	-	1,607,431
Depreciation for the year	155,798	184,129	4,998	52,426	-	397,351
Disposals	-	(45,664)	-	(51,731)	-	(97,395)
Balance at 30 June 2024	**825,717**	**911,542**	**37,964**	**132,164**	**-**	**1,907,387**
Carrying amounts						
At 1 July 2022	2,331,236	416,528	20,750	95,018	-	2,863,532
At 30 June 2023	2,494,475	646,734	38,532	101,201	-	3,280,942
At 30 June 2024	**2,401,894**	**719,834**	**33,534**	**66,373**	**23,768**	**3,245,403**

(a) Material accounting policies - property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

13. Property, plant and equipment (continued)

(iii) Assets under construction

During the year, the Company incurred costs of $23,768 (2023: $nil) related to establishing bearer plants on its plantation. Once the bearer plants are mature, these costs will be depreciated over their anticipated useful life.

(iv) Depreciation

Land is not depreciated. The estimated useful lives in the current and comparative year of items of property, plant and equipment are as follows:

- Buildings 3 – 40 years
- Plant and equipment 2 – 15 years
- Furniture and fittings 5 – 20 years
- Computer system 2 – 9 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(v) Impairment

See Note 15(b)(iv).

14. Right of use assets

The Group leases assets including land and buildings and office equipment (Note 17). Information about the right-of-use assets resulting from the leases for which the Group is a lessee is presented below:

	Land and buildings $	Office Equipment $	Total $
Balance at 1 July 2022	888,652	3,522	892,174
Additions	516,571	-	516,571
Depreciation	(362,208)	(2,014)	(364,222)
Balance at 30 June 2023	**1,043,015**	**1,508**	**1,044,523**
Balance at 1 July 2023	1,043,015	1,508	1,044,523
Additions	332,601	11,580	344,181
Disposals	(112,891)	(1,172)	(114,063)
Depreciation	(481,369)	(2,266)	(483,635)
Balance at 30 June 2024	**781,356**	**9,650**	**791,006**

15. Intangible assets

Cost	Intellectual property $	Trademarks $	Water licences $	Restated Total $
Balance at 1 July 2022*	6,899,663	108,637	140,569	7,148,869
Additions*	-	987	-	987
Balance at 30 June 2023 *	6,899,663	109,624	140,569	7,149,856
Balance at 1 July 2023*	6,899,663	109,624	140,569	7,149,856
Additions	-	-	-	-
Balance at 30 June 2024	**6,899,663**	**109,624**	**140,569**	**7,149,856**

15. Intangible assets (continued)

Amortisation and impairment losses	Intellectual property $	Trademarks $	Water licences $	Restated Total $
Balance at 1 July 2022*	6,613,911	68,314	-	6,682,225
Amortisation for the year*	25,977	8,142	-	34,119
Balance at 30 June 2023*	6,639,888	76,456	-	6,716,344
Balance at 1 July 2023*	6,639,888	76,456	-	6,716,344
Amortisation for the year	30,701	8,216	-	38,917
Balance at 30 June 2024	**6,670,589**	**84,672**	**-**	**6,755,261**
Carrying amounts				
At 1 July 2022*	285,752	40,323	140,569	466,644
At 30 June 2023*	259,775	33,168	140,569	433,512
At 30 June 2024	**229,074**	**24,952**	**140,569**	**394,595**

* Restated - See Note 2(e) and below for details.

(a) Amortisation and impairment charge

The amortisation and losses on abandonment are recognised in "Depreciation and amortisation expenses" in the statement of profit or loss and other comprehensive income.

(b) Material accounting policies - intangible assets

During the year, the Group changed its accounting policy by revising the criteria for capitalising patent costs to align the same with the recognition requirements for capitalising development costs. The Group now applies the following accounting policy. Refer to Note 2(e) for further information including the impact of change in accounting policy.

(i) Recognition and measurement

Refer to Note 2(e)(i).

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(iii) Amortisation

Finite-live intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use, that is, when they are in a condition necessary for them to be capable of operating in the manner intended by management. Water licences are not amortised.

The estimated useful lives for the current and comparative year are as follows:

- Intellectual property 4 – 15 years
- Patents 20 years
- Trademarks 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Water licences are tested annually for impairment by reference to current market prices.

15. Intangible assets (continued)

(b) Material accounting policies - intangible assets (continued)

(iv) Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. No impairment is reversed in respect of goodwill.

16. Trade and other payables

	2024 $	2023 $
Accrued expenses	2,677,486	2,847,000
Trade and other payables	554,027	1,130,177
Total trade and other payables	**3,231,513**	**3,977,177**

17. Lease liabilities

Current lease liabilities	588,291	551,973
Non-current lease liabilities	317,304	649,685
Total lease liabilities	**905,595**	**1,201,658**

During the year ended 30 June 2024, $79,821 of interest on lease liabilities was recognised and included in financing costs (2023: $73,323). Lease payments for the year totalled $601,788 (2023: $488,657).

Key transactions during the year ended 30 June 2024

The Company signed a short-term lease extension over a shared apartment for 12 months. The Company had a short-term lease with roughly 2 months remaining over the same apartment at the time the new lease arrangement was put in place. A lease liability was recognised using an interest rate of 6.66% and a lease life of 14 months at the time the new agreement was signed and as a result both the lease liability and right of use asset (Note 14) were increased by $25,926.

The Company, by mutual agreement with the lessor, terminated its lease over a lab premise. As a result, lease liabilities were reduced by $116,862. Right of use assets were decreased by $112,891 and a gain of $3,971 was recognised on the termination of the lease. The Company then entered a new lease for a different lab premise with the same lessor. A lease liability was recognised using an interest rate of 7.7% and a lease life of 3 years at the time the new agreement was signed and as a result both the lease liability and right of use asset (Note 8) were increased by $306,676.

17. Lease liabilities (continued)

Key transactions during the year ended 30 June 2024 (continued)

The Company also entered a new lease for a photocopier. A lease liability was recognised using an interest rate of 19.67% and a lease life of 60 months at the time the new agreement was signed and as a result both the lease liability and right of use asset (Note 8) were increased by $11,580. At the time the new copier lease was entered into, the previous copier was returned early, and lease liabilities were reduced by $1,730.

Key transactions during the year ended 30 June 2023

In September 2022, QBiotics Group entered into a new lease for a laboratory premise effective from 5 September 2022. The lease liability was measured using an interest rate of 7.10% and a lease life of 36 months. As a result, a lease liability and a right of use asset (Note 14) were recognised in the value of $176,699.

On 27 June 2023, QBiotics Group indicated to the lessor of its Cairns office premise that it would take out an extension on the current lease. The lease liability was measured using an interest rate of 7.5% and a lease life of 45 months, as the decision to enter the new lease was communicated to the lessor 9 months prior to the 36-month lease taking affect. As a result, both the lease liability and the right of use asset (Note 14) were increased by $187,089.

(a) Future minimum lease payments

The Group has leases for its premises in Yungaburra, Taringa and Cairns as well as some office equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2024 were as follows:

30 June 2024	Minimum lease payments due		
	Within one year $	One to five years $	Total $
Lease payments	588,291	377,957	966,248
Finance charges	(44,543)	(16,110)	(60,653)
Net present values	**543,748**	**361,847**	**905,595**
30 June 2023			
Lease payments	551,973	755,203	1,307,176
Finance charges	(65,959)	(39,559)	(105,518)
Net present values	**486,014**	**715,644**	**1,201,658**

(b) Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of a lease liability is as follows:

	2024 $	2023 $
Short-term leases	-	57,669
Leases of low value assets	1,830	11,758
Total lease expenses not included in lease liabilities	**1,830**	**69,427**

(c) Total cash outflow for leases

Total cash outflow for leases	**603,618**	**558,084**

17. Lease liabilities (continued)

(d) Material accounting policies - leases

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use-asset and lease lability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

18. Provisions

A provision of $24,225 (2023: $22,464) has been recognised for make good conditions on the Cairns office lease. These costs are expected to be incurred in 2027 (2023: 2024). There is a possibility that these costs will be delayed if the lease is extended or renewed. The provision has been estimated at the current cost of making good plus inflation of 3.5% per annum (2023: 3.5% per annum). The provision has been discounted using a discount rate of 7.5% (2023: 7.5%).

19. Employee benefits

(a) Annual leave and long service leave

	2024 $	2023 $
Current		
Accrued annual leave	1,357,657	1,356,287
Accrued long service leave	493,431	372,982
Accrued long-term incentive program	129,536	-
Total current employee benefits	**1,980,624**	**1,729,269**
Non-current		
Provision for long service leave	381,296	334,877
Provision for long-term incentive program	37,829	198,324
Total non-current employee benefits	**419,125**	**533,201**
Movements in provision for long service leave		
Balance at 1 July	334,877	273,344
Provision made during the year	166,869	121,244
Provision transferred to accrued long service leave	(120,449)	(59,711)
Total provision for long service leave	**381,296**	**334,877**
Movements in provision for long-term incentive program		
Balance at 1 July	198,324	-
Provision transferred from share-based payment reserve	-	100,905
Provision made/(reversed) during the year	(30,959)	97,419
Provision transferred to accrued long-term incentive program	(129,536)	-
Total provision for long-term incentive program	**37,829**	**198,324**

On 7 March 2023, the Company cancelled a total of 397,500 option granted to Dr. Gordon and Dr. Reddell in December 2021 and replaced them with a long-term incentive plan payable in cash. A total of $100,905 was transferred out of the share-based payment reserve to the provision for long-term incentive program. During the year ended 30 June 2024, $30,959 of provision related to the long-term incentive program was reversed (2023: $97,419 accrued). The amounts are based on the estimated value of the incentive. The 2021 and 2022 incentive program value is based on remaining in the employ of the Company (40%) and performance goals (60%) which are appraised by the non-executive director members of the Company's Remuneration Committee. The 2023 long-term incentive program is appraised based on the Company's 60-day weighted average share price as at 31 July 2026 and is only payable when that price exceeds the target share price set by the non-executive director members of the Company's Remuneration Committee.

19. Employee benefits (continued)

(b) Personnel expenses

	2024 $	2023 $
Wages and salaries	9,108,400	9,963,908
Contributions to defined contribution plans	974,750	926,565
Other associated personnel expenses	933,850	1,244,028
Increase in liability for long service leave	166,868	121,244
Directors fees – salary and fees	99,949	144,856
Directors fees – equity-settled share-based payments	188,041	340,518
Other equity-settled share-based payments	336,962	619,783
Transferred to property, plant and equipment	(40,350)	(92,133)
Total personnel expenses	**11,768,470**	**13,268,769**

(c) Number of employees

	#	#
Number of employees at year end (full-time equivalent)	**49**	**51**

(d) Material accounting policies - employee benefits

(i) 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 vesting period of 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. Modifications to share based payments with amounts to be settled in cash are transferred to the liability, where the liability amount does not exceed the fair value of the equity instruments the remaining balance remains in equity.

(ii) Long-term incentives payable in cash

The fair value of the amount payable to employees in respect of any long-term incentives, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the incentive payable. Any changes in the liability are recognised in profit or loss.

20. Share capital and share-based payments reserve

(a) Movements in share capital

	Ordinary shares		Share capital	
	2024 #	2023 #	2024 $	2023 $
On issue at 1 July	488,010,385	487,756,371	189,605,357	189,388,722
Exercise of share options	299,983	252,596	329,081	215,060
Issued for goods or services provided	119,295	1,418	54,995	1,575
On issue at 30 June – fully paid	**488,429,663**	**488,010,385**	**189,989,433**	**189,605,357**

Ordinary shares

Key transactions during the year ended 30 June 2024

On 7 February 2024 the Company issued 119,295 new shares at a fair value of $0.461 per share to employees for services provided. The shares were recognised at the fair value at the time of issue.

20. Share capital and share-based payments reserve (continued)

(a) Movements in share capital (continued)

Ordinary shares (continued)

Key transactions during the year ended 30 June 2024 (continued)

On 13 December 2023 and 26 February 2024 the Company issued a total of 299,983 ordinary shares as a result of the exercise of vested zero exercise priced options. The options had a fair value of $1.097 per option. Consequently, $329,081 was transferred from the Company's share-based payments reserve to share capital.

Key transactions during the year ended 30 June 2023

On 27 July 2022 the Company issued 252,596 ordinary shares as a result of the exercise of vested options. The options had an exercise price of $0.67 per share and a fair value of $0.1814 per share. Consequently, the Company received cash proceeds of $169,239 and $45,821 was transferred from the Company's share-based payments reserve to share capital.

On 13 November 2022 the Company issued 1,418 new shares at $1.111 per share to employees for services provided. The shares were recognised at the fair value at the time of issue.

Terms and conditions

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(b) Share-based payments reserve

	2024 $	2023 $
Balance at 1 July	3,610,941	2,796,943
Share-based payments recognised during the year	470,007	960,724
Options cancelled during the year	-	(100,905)
Amount transferred to share capital	(329,081)	(45,821)
Amount transferred to accumulated losses	(754,027)	-
Total share-based payments reserve	**2,997,840**	**3,610,941**

(i) Description of share-based payment arrangements

The Group has entered into agreements and share option plans with current and former non-executive directors, key management personnel and senior employees. All options are to be settled by the physical delivery of ordinary shares. The key terms and conditions related to the grants that existed during the period are:

Ref	Grant date	Number of instruments	Vesting conditions	Contractual life of options
1604	18 Apr 2016	2,500,002	750,000 options vested on the grant date and 583,334 of the options vested on the first, second and third anniversaries of the grant date respectively. 1,333,334 of the options were exercised and 1,166,668 have expired.	5 years from vesting date
1607	20 Jul 2016	1,808,834	One third of the options vested on the first, second and third anniversary of the grant date respectively. 301,472 of the options were exercised and 904,416 have expired.	5 years from vesting date
1711	28 Nov 2017	1,168,039	438,599 options vested on the first anniversary of the grant date, 384,256 options vested on the second anniversary of the grant date, and 345,184 options vested on the third anniversary of the grant date. 438,599 of the options have expired.	5 years from vesting date
1804	26 Apr 2018	71,144	Options vested on the grant date. All options have expired.	6 years from grant date

20. Share capital and share-based payments reserve (continued)

(b) Share based payment reserve (continued)

(i) Description of share-based payment arrangements (continued)

Ref	Grant date	Number of instruments	Vesting conditions	Contractual life of options
1805-1	21 May 2018	1,800,000	600,000 options vested on the grant date, 600,000 options vested on 31 December 2018 and 600,000 options vested on 31 December 2019. 911,111 options were exercised and 888,889 have expired.	6 years from grant date
1805-2	21 May 2018	900,000	300,000 options vested on 31 July 2018. 600,000 options did not vest due to forfeiture and non-performance of service conditions. All options have expired.	6 years from grant date
1808	1 Aug 2018	300,000	150,000 of the options vested on the grant date, 150,000 options vested on the first anniversary of the grant date. 150,000 options have expired.	5 years from vesting date
1907	5 Jul 2019	4,121,412	1,268,502 options vested on the first anniversary of the grant date, 1,384,859 options vested on the second anniversary of the grant date and 1,468,051 options vested on the third anniversary of the grant date.	6 years from grant date
2103	31 Mar 2021	2,232,334	1,750,000 options vested on the grant date and were subsequently cancelled on 21 December 2021. 160,778 options vested on 1 February 2022 and 168,548 vested on 1 February 2023. 153,008 options were forfeited.	6 years from grant date
2104	22 Apr 2021	482,334	160,778 options vested on each of 9 April 2022 and 9 April 2023, and 9 April 2024.	6 years from grant date
2110	1 Oct 2021	1,181,082	366,432 options to vest on 30 September 2024 and 549,650 options to vest on 30 September 2024 subject to performance hurdles being met. 265,000 options have been forfeited. Shares issued will be subject to a two-year holding lock.	3.5 years from grant date
2112	13 Dec 2021	507,185	43,875 options to vest on 30 September 2024 and 65,810 options to vest on 30 September 2024 subject to performance hurdles being met. 397,500 options have been cancelled. Shares issued will be subject to a two-year holding lock.	3.3 years from grant date
2209-1	30 Sep 2022	1,759,165	614,963 options to vest on 30 September 2025 and 922,442 options to vest on 30 September 2025 subject to performance hurdles being met. 269,353 options have been forfeited.	3.5 years from grant date
2209-2	8 Sep 2022	342,752	299,983 options vested on 8 September 2023. 42,769 options have been forfeited.	1.5 years from grant date
2307	27 Jul 2023	333,832	333,832 options to vest on 27 July 2024. 85,707 options have been forfeited.	1.5 years from grant date
2308	1 Aug 2023	2,826,822	2,826,822 options to vest on 31 July 2026 subject to the Company's 60-day weighted average share price being above a target share price. 158,224 options have been forfeited.	3.5 years from grant date
		22,334,937		
Exercised		(2,845,900)		
Cancelled or forfeited		(3,721,561)		
Expired		(3,919,716)		
Outstanding		**11,847,760**		

20. Share capital and share-based payments reserve (continued)

(b) Share based payment reserve (continued)

(ii) Measurement of fair value

The fair value of all share options issued has been measured using the Black-Scholes Merton formula other than those granted on 1 August 2023 (ref 2308). The fair value of options granted on 1 August 2023 has been measured using a Monte Carlo simulation. An estimate is made for the number of equity instruments for which service conditions are expected to be satisfied, with a true-up to the number ultimately satisfied. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments were as follows.

Ref	Year of grant	Fair value at grant date (weighted average) $	Share price at grant date $	Exercise price $	Expected volatility	Expected life (weighted average)	Expected dividend	Risk- free interest rate
1604	2016	0.172	0.400	0.801	60.82%	6.5 years	-	2.10%
1607	2017	0.184	0.400	0.801	60.82%	7 years	-	2.10%
1711	2018	0.141	0.400	0.801	50.66%	7 years	-	2.11%
1804	2018	0.157	0.400	0.670	53.28%	6 years	-	2.51%
1805-1	2018	0.156	0.402	0.670	52.62%	6 years	-	2.47%
1805-2	2018	0.154	0.402	0.670	52.62%	6 years	-	2.47%
1808	2019	0.113	0.407	0.801	50.97%	5.5 years	-	2.32%
1907	2020	0.244	0.585	1.000	58.88%	6 years	-	1.00%
2103	2021	0.511	0.902	1.510	76.71%	6 years	-	0.66%
2104	2021	0.511	0.902	1.510	76.61%	6 years	-	0.69%
2110	2022	1.422	1.422	-	80.77%	3.5 years	-	0.27%
2112	2022	1.359	1.359	-	74.94%	3.3 years	-	0.92%
2209-1	2023	1.109	1.109	-	86.95%	3.5 years	-	3.26%
2209-2	2023	1.109	1.097	-	62.26%	1.5 years	-	3.26%
2307	2024	0.579	0.579	-	60.07%	1.5 years	-	3.87%
2308	2024	0.579	0.579	-	67.45%	3.5 years	-	3.69%

Expected volatility has been based on an evaluation of the volatility of similar listed companies as the Group has no historical volatility data. The expected term of the instruments has been based on historical experience and general option holder behaviour. The risk-free interest rate was based on government bonds.

(iii) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options are as follows.

	Options		Weighted average exercise price	
	2024 #	2023 #	2024 $	2023 $
Outstanding at 1 July	12,313,523	12,983,640	0.715	0.792
Exercised during the year	(299,983)	(252,596)	-	0.607
Cancelled during the year	-	(397,500)	-	-
Expired during the year	(3,034,910)	(1,439,401)	0.747	0.751
Forfeited during the year	(291,524)	(682,537)	-	0.339
Granted during the year	3,160,654	2,101,917	-	-
Outstanding at 30 June	**11,847,760**	**12,313,523**	0.552	0.715
Exercisable at 30 June	6,415,458	9,289,590	1.019	0.921

20. Share capital and share-based payments reserve (continued)

(c) Dividends

No dividends have been paid or declared by the Company since the Company was incorporated.

(d) Material accounting policies – share capital and share-based payments reserve

(i) Share capital

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

(ii) Share-based payments reserve

Where Australian Accounting Standards require a transaction to be recognised as a component of equity, the Group classifies such amounts as a reserve.

The Group's share-based payments reserve consists of share-based payments accounted for under AASB 2 *Share-based Payment*. Share-based payment transactions are measured by reference to the fair value of the goods or services received unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group measures the share-based payment transactions by reference to the fair value of the equity instruments granted.

The fair value of the equity instruments granted is determined as follows:

- If a market price is available for the equity instrument granted, then the estimate of fair value is based on this market price; or
- If no market price is available for the equity instrument granted, then the fair value is estimated using an appropriate valuation technique.

When instruments granted as share-based payments have vested and are exercised by the holder, the amount is transferred to share capital. When options lapse unexercised, the amount is transferred to accumulated losses.

21. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all officers understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables.

21. Financial instruments (continued)

(b) Credit risk (continued)

(i) Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024 $	2023 $
Cash and cash equivalents	6,927,293	6,130,178
Term deposits	36,551,970	52,965,967
Trade and other receivables	654,611	867,733
Total as at 30 June	**44,133,874**	**59,963,878**

Cash and cash equivalents and term deposits

The Group only invests surplus funds in bank accounts and term deposits with major Australian financial institutions.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor.

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

Financial institutions	523,800	866,883
Suppliers	130,811	850
Total as at 30 June	**654,611**	**867,733**

(ii) Impairment losses

None of the Group's receivables are past due (2023: nil) and none of the receivables are considered impaired. Based on historical information about customer default rates, the credit quality of trade and other receivables is considered good.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Given the nature of the Group's operations, this is a critical risk. The Group'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 Group's reputation.

Typically, the Group ensures that either (i) it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters, or (ii) it is confident that fund raising activities set in place will meet operational expenses. The Group currently does not maintain any lines of credit other than corporate credit cards with a combined facility limit of $300,000 (2023: $300,000). The corporate credit cards are secured by $300,000 held in term deposit (2023: $300,000).

21. Financial instruments (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of the Group's monetary non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $	Contractual cash flow $	6 months or less $	6 months to 1 year $	1 year to 4 years $
30 June 2024					
Trade and other payables	2,647,873	2,647,873	2,647,873	-	-
Lease liabilities	905,595	966,248	313,291	275,000	377,957
	3,553,468	**3,614,121**	**2,961,164**	**275,000**	**377,957**
30 June 2023					
Trade and other payables	2,884,736	2,884,736	2,884,736	-	-
Lease liabilities	1,201,658	1,307,176	279,722	272,252	755,202
	4,086,394	**4,191,912**	**3,164,458**	**272,252**	**755,202**

(d) Market risk

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

(i) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the relevant company which is party to the transaction. The currencies in which these transactions primarily are denominated are United States Dollars (USD), Euro (EUR), British Pound (GBP), Swedish Krona (SEK), Norwegian Kroner (NEK) and Swiss Franc (CHF).

From time to time the Group uses forward exchange contracts to lock in foreign currency rates on expected purchase commitments in order to reduce the Group's exposure to currency risk.

Exposure to currency risk

The summarised quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

Expressed in AUD	USD	EUR	GBP	SEK	NEK	SGD
30 June 2024						
Cash held in foreign currency	974	174,758	10,027	-	-	-
Financial assets in trade and other receivables and prepayments	793,993	-	2,058,502	-	-	-
Trade and other payables	(610,250)	(307,965)	(894,934)	(78,903)	-	(4,168)
Net statement of financial position exposure	**184,717**	**(133,207)**	**1,173,595**	**(78,903)**	**-**	**(4,168)**
30 June 2023						
Cash held in foreign currency	11,647	1,686,094	43,344	-	-	-
Financial assets in in trade and other receivables and prepayments	937,131	-	2,075,945	-	-	-
Trade and other payables	(749,298)	(79,898)	(516,300)	(725,852)	(135,833)	-
Net statement of financial position exposure	**199,480**	**1,606,196**	**1,602,989**	**(725,852)**	**(135,833)**	**-**

21. Financial instruments (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

The following significant exchange rates have been applied:

Year-end spot rate	2024	2023
USD to AUD	1.5097	1.5083
GBP to AUD	1.9069	1.9048
EUR to AUD	1.6139	1.6396
SEK to AUD	0.1414	0.1392
NEK to AUD	0.1405	0.1400
SGD to AUD	1.1115	Not used

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the United States Dollar, Euro, British Pound, Swedish Krona, Norwegian Kroner and Swiss Franc against the Australian Dollar at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in AUD	Profit or Loss		Equity, net of tax	
30 June 2024	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
USD (10% movement)	(18,472)	18,472	(18,472)	18,472
EUR (10% movement)	13,321	(13,321)	13,321	(13,321)
GBP (10% movement)	(117,360)	117,360	(117,360)	117,360
SEK (10% movement)	7,890	(7,890)	7,890	(7,890)
NEK (10% movement)	-	-	-	-
SGD (10% movement)	417	(417)	417	(417)
30 June 2023				
USD (10% movement)	19,948	(19,948)	19,948	(19,948)
EUR (10% movement)	160,620	(160,620)	160,620	(160,620)
GBP (10% movement)	160,299	(160,299)	160,299	(160,299)
SEK (10% movement)	(72,585)	72,585	(72,585)	72,585
NEK (10% movement)	(13,583)	13,583	(13,583)	13,583
CHF (10% movement)	-	-	-	-

(ii) Interest rate risk

The Group is exposed to interest rate risk only to the extent that interest receivable on bank and term deposits may be subject to fluctuations in interest rates.

Profile

At the reporting date the Group has no interest-bearing financial instruments other than cash at bank, term deposits and corporate credit cards. Cash at bank and corporate credit cards are considered to be variable rate instruments as they can be readily renegotiated. Their carrying amount at balance date has been set out below:

	2024 $	2023 $
Cash and cash equivalents	6,927,293	6,130,178
Corporate credit cards	(86,858)	(99,224)
Total as at 30 June	6,840,435	6,030,954

21. Financial instruments (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Cash flow sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by $68,404 (2023: $60,031). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023.

(e) Capital management

The Board's policy is to maintain a capital position so as to maintain investor, creditor and market confidence and to sustain future development of the business. This position is maintained by setting capital raising strategies in place to address planned expenditure. The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

(f) Fair values

The fair values of cash and cash equivalents, term deposits, trade and other receivables, trade and other payables and current employee benefits approximate their carrying amounts shown in the statement of financial position.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Interest rates used for determining fair value

The Group uses the government yield curve as of 30 June 2024 plus an adequate constant credit spread to discount financial instruments. At 30 June 2024, no financial instruments required discounting (2023: nil).

(g) Material accounting policies - financial instruments

(i) Non-derivative financial assets

The Group has the following non-derivative financial assets:

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Term deposits

Term deposits comprise cash balances held on deposit with financial institutions with original maturities of more than three months.

(ii) Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Other financial liabilities comprise trade and other payables and certain employee benefits.

22. Reconciliation of cash flows from operating activities

Cash flows from operating activities	Note	2024 $	Restated* 2023 $
Loss for the year		(17,510,885)	(21,621,845)
Adjustments for:			
Depreciation	13,14	880,986	718,454
Amortisation	15	38,917	34,119
Loss on disposal of plant and equipment		(18,719)	135
Loss on disposal of early termination of lease		(4,529)	-
Inventory write down/(recovery) to net realisable value		(919,325)	1,272,717
Non-cash interest on leases		79,821	73,323
Foreign exchange revaluation on assets and liabilities		4,960	(276,984)
Share-based payment transactions		470,008	962,300
Interest income classified as investment activities		(2,173,065)	(2,044,567)
Operating loss before changes in working capital		(19,151,831)	(20,882,348)
Change in trade and other receivables		643,551	(1,528,762)
Change in prepayments		597,726	(2,103,266)
Change in inventories		1,170,239	(649,572)
Change in contract assets		(369,521)	(909,992)
Change in trade and other payables		(688,989)	(246,875)
Change in contract liabilities		(201,297)	(274,699)
Change in employee benefits		137,279	408,969
Change in provisions		1,761	1,410
Cash used in operating activities		(17,861,082)	(26,185,135)
GST refund received		637,531	812,630
Net cash used in operating activities		**(17,223,551)**	**(25,372,505)**

* See Note 2(e)

23. Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

	2024 $	2023 $
Short-term employee benefits	1,605,132	1,989,960
Post-employment benefits	153,569	201,508
Other long-term benefits	58,455	136,408
Share-based payments	243,614	513,693
Total key management personnel compensation	**2,060,770**	**2,841,569**

(ii) Loans to key management personnel and their related parties

No loans were outstanding at the reporting date to key management personnel and their related parties.

(iii) Key management personnel transactions

Key management personnel of the Company control 24.59% (30 June 2023: 24.59%) of the voting shares of the Company.

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

From time to time these entities transacted with the Group. The terms and conditions of the transactions with key management persons and their related parties were no more favourable than those available, or which may reasonably be expected to be available, on similar transactions to non-director related entities.

23. Related parties (continued)

(a) Transactions with key management personnel (continued)

(iii) Key management personnel transactions (continued)

	Transaction value		Balance outstanding as at	
	30 June 2024 $	30 June 2023 $	30 June 2024 $	30 June 2023 $
The Group rents premises from Dr Gordon and Dr Reddell. The lease contract terms are based on market rates and are payable on an annual basis.	39,144	37,917	-	-
The Group leased land from an entity related to Dr Ogbourne.	-	9,105	-	-

(b) Non-key management personnel disclosures

Intergroup transactions

During the year ended 30 June 2024 and 30 June 2023, all transactions between EcoBiotics, QBiotics, QBiotics Netherlands, QBiotics UK and QBiotics Group have been eliminated on consolidation.

24. Auditor's remuneration

Audit services	2024 $	2023 $
Auditors of the Company - Grant Thornton		
Audit of annual financial reports of the Company	129,915	100,250
Review of half-year financial reports of the Company	59,521	36,433
Total audit services	**189,436**	**136,683**
Other services		
Auditors of the Company - Grant Thornton		
Taxation advice and tax compliance services	15,708	21,000
Total other services	**15,708**	**21,000**

25. Parent company disclosures

As at 30 June 2024, QBiotics Group Limited was the parent entity of the Group.

(a) Results of parent entity

Loss for the period	(18,432,182)	(20,068,315)
Other comprehensive income	-	-
Total comprehensive income for the period	**(18,432,182)**	**(20,068,315)**

(b) Financial position of parent entity at year end

Current assets	54,642,815	73,590,664
Total assets	**194,876,368**	**214,499,191**
Current liabilities	20,634,309	21,821,354
Total liabilities	**21,487,614**	**23,203,258**
Total equity of the parent entity comprising of:		
Share capital	257,310,047	256,925,971
Other contributed equity	2,962,641	3,421,339
Accumulated losses	(86,883,934)	(69,051,377)
Total equity	**173,388,754**	**191,295,933**

25. Parent company disclosures (continued)

(c) Contingent liabilities, commitments and guarantees

There are no parent entity contingent liabilities, capital commitments, or guarantees in respect of the debts of its subsidiaries at 30 June 2024 (2023: nil).

(d) Restatement of comparatives

30 June 2023 comparative information has been restated for changes in account mappings to be consistent with disclosures for 30 June 2024.

(e) Material accounting policies – parent company disclosures

Under Australian Accounting Standards, the corporate restructure undertaken by the Group during the year ended 30 June 2018 was accounted for by applying the reverse acquisition accounting methodology. QBiotics was deemed to be the accounting acquirer as, in substance, QBiotics (the legal subsidiary) acquired QBiotics Group (the legal parent).

The application of reverse acquisition accounting is that QBiotics Group (the legal parent) is accounted for as the subsidiary and QBiotics (the legal subsidiary) is accounted for as the parent entity. This has resulted in the consolidated financial statements of QBiotics Group being prepared as a continuation of QBiotics' financial statements.

The information disclosed in this note is that of the legal parent entity, QBiotics Group.

26. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition, the Group adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the notes to the consolidated financial statements in certain instances (see Note 2(e)(iii) for further information).

Certain comparative amounts in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows have been reclassified or re-presented as a result of a change in accounting policy as disclosed in Note 2(e)(i).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

26. Material accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of QBiotics Netherlands and QBiotics UK have a functional currency of Australian dollars. Any foreign currency income and expenses are translated into Australian dollars at the exchange rates at the dates of the transactions.

27. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024, and have not been applied in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

(i) Supplier financing arrangements

- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

(ii) Classification of liabilities as current or non-current

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
- AASB 2023-3 Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2

(iii) Lease liability in a sale-and-leaseback

- AASB 2022-5 Amendments to Australian Accounting standards – Lease Liability in a Sale and Leaseback

(iv) Sale or contribution of assets between an investor and its associate or joint venture

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2021-7(a-c) Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

(v) Lack of exchangeability

- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability

(vii) Presentation and disclosure in financial statement

- AASB 18 Presentation and Disclosure in Financial Statements

QBiotics Group Limited

Consolidated entity disclosure statement

As at 30 June 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	Percentage of share capital held directly or indirectly by the Company in the body corporate	Australian and/or Foreign tax resident and jurisdiction for foreign tax resident
QBiotics Group Limited (the Company)	Body corporate	Australia	-	Australian
QBiotics Pty Ltd	Body corporate	Australia	100%	Australian
EcoBiotics Pty Ltd	Body corporate	Australia	100%	Australian
QBiotics Netherlands B.V.	Body corporate	Netherlands	100%	Australian and Foreign - Netherlands
QBiotics UK Limited	Body corporate	United Kingdom	100%	Australian and Foreign - United Kingdom

1. Basis of preparation

This Consolidated Entity Disclosure Statement ("CEDS") has been prepared in accordance with the *Corporations Act 2001* and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

2. Consolidated entity

This CEDS includes only those entities consolidated as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements (AASB 10).

3. Determination of tax residency

Section 295 (3A) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

(a) Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5 Income tax: central management and control test of residency.

(b) Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

QBiotics Group Limited
Directors' declaration

1. In the opinion of the directors of QBiotics Group Limited (the "Company"):

   (a) the consolidated financial statements and notes that are set out on pages 19 to 53 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the period ended on that date; and

      (ii) complying with Australian Accounting Standard and the *Corporations Regulations 2001*;

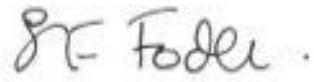
   (b) the consolidated entity disclosure statement and notes that are set out on pages 54 and 55 are true and correct as at 30 June 2024; and

   (c) 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 draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 26th day of August 2024.



Dr Susan Foden
Executive Chair

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Independent Auditor's Report

To the Members of QBiotics Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of QBiotics Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

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

Basis for opinion

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

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

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

L M Worsley
Partner – Audit & Assurance

Sydney, 26 August 2024

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Auditor's Independence Declaration

To the Directors of QBiotics Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of QBiotics Group Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

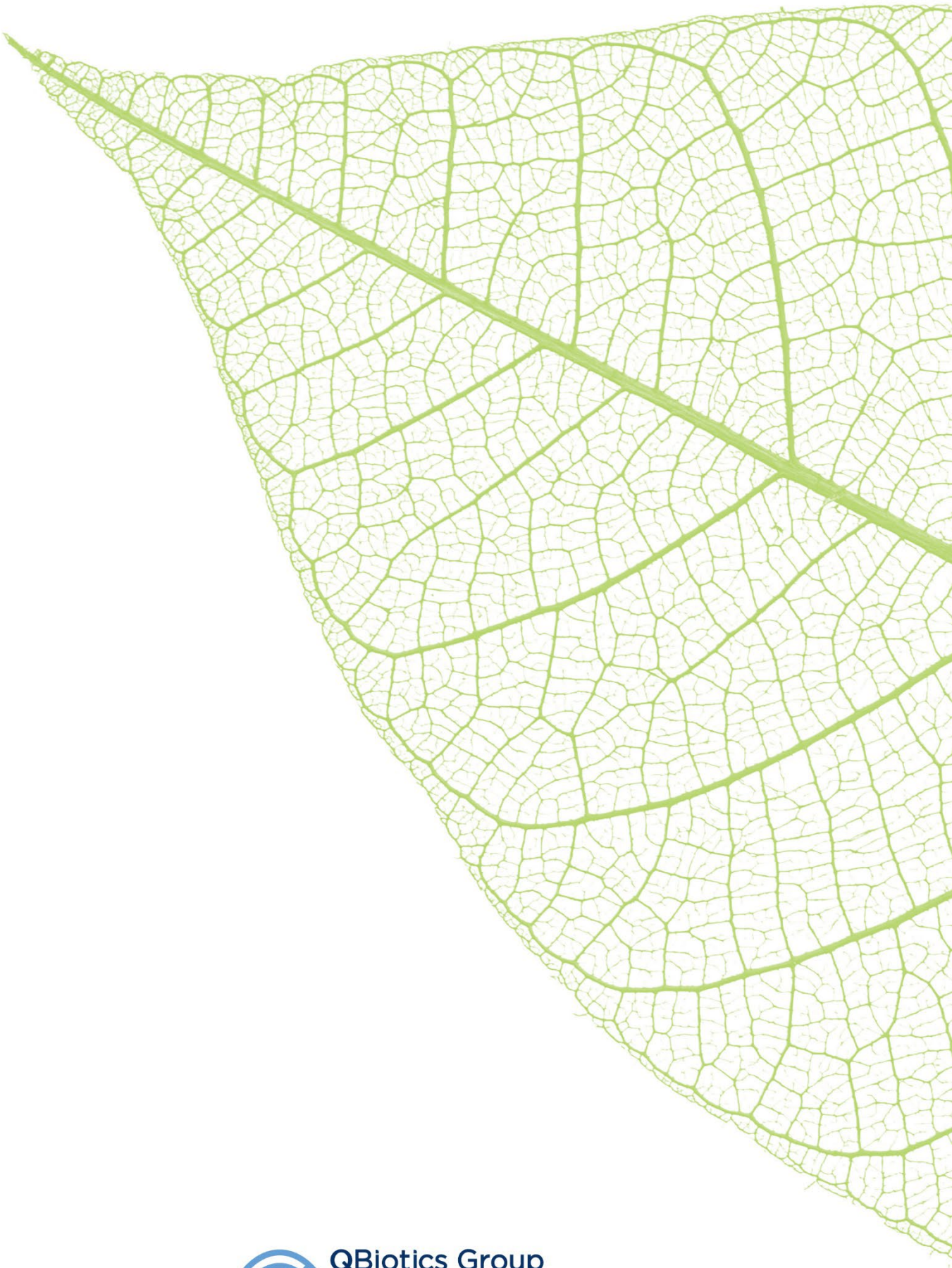
a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

L M Worsley
Partner – Audit & Assurance

Sydney, 26 August 2024



QBiotics Group
Naturally Inspired
Scientifically Defined