

# QBiotics Group Limited Interim Financial Report 31 December 2024

ABN 13 617 596 139



# QBiotech Group Limited

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### Forward looking statements

This report contains forward looking statement which reflect the current beliefs and expectations of QBiotech. 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 QBiotech's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. Many factors could cause QBiotech's 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, QBiotech does not undertake to publicly update or review any forward looking statements.

# 01

## Directors' Report



# QBiotech Group Limited

## Directors' report

For the period ended 31 December 2024

The directors of QBiotech Group Limited (the "Company" or "QBiotech Group") present their report together with the condensed consolidated financial statements for the period ended 31 December 2024 and the auditor's report thereon.

### 1. Directors

The directors of the Company in office during the period ended 31 December 2024 and at the date of this report (unless otherwise stated) are:

Name	Position
Mark Fladrich	Non-executive Director, appointed Non-executive Chair on 6 November 2024
Stephen Doyle	Managing Director and Chief Executive Officer (appointed as a director on 22 October 2024)
Dr Paul Reddell	Executive Director and Chief Scientific Officer
Dr Victoria Gordon	Non-executive Director (Executive Director Strategic Alliances and Investor Relations until 22 October 2024)
Hamish Corlett	Non-executive Director
David Phillips	Non-executive Director
Dr Susan Foden	Executive Chair until 22 October 2024, Non-executive Chair from 23 October 2023 until 2 November 2024, ceased to be a director due to unexpected passing on 2 November 2024.
Andrew Denver	Non-executive Director, retired on 22 November 2024
Prof Bruce Robinson AC	Non-executive Director, retired on 22 November 2024

### 2. Review of operations

The principal activity 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 small molecules 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 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 QBiotech's veterinary oncology pharmaceutical STELFONTA®, through the Group's marketing and distribution partner Virbac.

Following is a summary of the major activities undertaken during the half year.

#### (a) Tigilanol Tiglate human oncology

##### Soft Tissue Sarcoma

Tigilanol tiglate, an oncolytic small molecule delivered intratumorally, is currently in two Phase II human clinical trials, being investigated in Soft Tissue Sarcoma (STS) and Head and Neck Cancers.

We were pleased to see strong preliminary results presented, following completion of recruitment in June of our phase IIa open label, single-arm clinical trial evaluating tigilanol tiglate in 10 patients with advanced STS (QB46C-H07) at Memorial Sloan Kettering Cancer Centre (New York, USA).

Principal Investigator, Edmund Bartlett, MD from Memorial Sloan Kettering Cancer Centre, presented a poster at the European Society for Medical Oncology (ESMO) Congress 2024 in Spain, September 2024. The preliminary data showed that, tigilanol tiglate appears safe for patients with STS. Efficacy was observed across numerous STS histologic types, exceeding the primary endpoint for a promising response and the tolerability and activity warranted further investigation of tigilanol tiglate in patients with STS either alone or in combination with other agents.



# QBiotics Group Limited

## Directors' report

For the period ended 31 December 2024

### 2. Review of operations (continued)

#### (a) Tigilanol Tiglate human oncology (continued)

##### Soft Tissue Sarcoma (continued)

Further data on the same patient cohort was then presented by Edmund Bartlett, MD, at the Connective Tissue Oncology Society (CTOS) Annual Meeting in San Diego, November 2024. The CTOS presentation included additional observations made by the investigators showing that patients with metastatic STS disease who were originally non-responsive to systemic therapies began to respond to systemic therapy after treatment with tigilanol tiglate.

A final report from the initial arm of the trial is expected by March 2025.

The CTOS data supports QBiotics' hypothesis on possible mechanisms of action for tigilanol tiglate and led QBiotics to extend the study. Ethics approval was granted for this study extension and QBiotics is preparing to initiate the extension arm of QB46C-H07 by March 2025. Together with the Orphan Drug Designation granted to tigilanol tiglate in STS by the US Food and Drug Administration (February 2024), the strong data presented at the ESMO and CTOS, we are working with regulatory consultant to outline a path forward towards registration in this indication.

##### Head and Neck Cancer

The multi-centre QB46C-H08 phase II clinical trial in head and neck cancer is an open-label, single-arm study, to assess the efficacy of tigilanol tiglate in patients with a broad range of solid tumours of the head and neck region. The trial is currently recruiting at five sites in the United Kingdom and two sites in Australia.

#### (b) Development of the wound healing drug candidate EBC-1013

During the reporting period, we were pleased to open our first-in-human Phase I wound healing safety trial in Australia for recruitment. The study is now open across for sites and aims to recruit up to 35 adult patients.

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.

#### (c) STELFONTA®

QBiotics continues to support Virbac to educate veterinarians about the benefits of STELFONTA® over surgery. The US STELFONTA® Superstar Ambassador continuous education programme launched in December 2024 and the first certified users are now enjoying dedicated support and exclusive events.

QBiotics submitted a successful application to the UK Veterinary Medicines Directorate (VMD) to extend the label to include treatment of mast cell tumours for which surgery is not considered the best treatment. Post period, VMD approved our application. This recognises the role veterinarians play in determining the best treatment option, providing patient centric care.

The data from our equine melanoma and equine sarcoids trials were presented at the European College of Veterinary Surgeons Annual Scientific Meeting in July 2024 and American College of Veterinary Surgeons Annual Surgery Summit in October 2024.

#### (f) QBiotics team

During the period, on 2 September 2024, Stephen Doyle was appointed as Chief Executive Officer and Managing Director. Co-founder, Dr Victoria Gordon retired from QBiotics' executive team while remaining on the Board as a Non-Executive Director.

# QBiotics Group Limited

## Directors' report

For the period ended 31 December 2024

### 2. Review of operations (continued)

#### (f) QBiotics team (continued)

With deep sadness, in November 2024, we announced the passing of Dr Susan Foden, our Non-Executive Chair. Sue's contributions to QBiotics and to the industry as a whole were immeasurable, and her loss is deeply felt by all who had the privilege of knowing and working with her.

Following this unexpected news, Mark Fladrich was appointed as Chair. Additionally, after long and productive tenures, Professor Bruce Robinson AC and Mr Andrew Denver retired from the board at the Company's Annual General Meeting in November 2024. David Phillips assumed the roles of Chair of the Audit and Risk Management Committee and the Remuneration Committee.

We established a Clinical Advisory Board (CAB), appointing leading global clinical oncology experts to provide strategic guidance for QBiotics' human oncology programme. The CAB is chaired by Professor Alexander Eggermont, MD, PhD and includes esteemed oncology and drug development experts, Professor Aurelien Marabelle, Professor Kevin Harrington, Professor Ignacio Melero, Dr Edmund Bartlett, Dr Jason Luke and Dr Alan Barge.

Post period, we announced the strengthening of our medical leadership with the appointment of Professor Victoria Elegant as Chief Medical Officer and Professor Aurelien Marabelle as a consultant and key advisor for the Company's oncology programme. Professor Marabelle will collaborate with QBiotics on the development and strategic direction of our human oncology drug development and commercialisation programme.

There were no significant changes in the nature of the activities of the Group during the period.

### 3. Results of operations

The Group reported a loss for the period ended 31 December 2024 of \$9,299,447 (period ended 31 December 2023: \$8,524,998) and recognised a R&D tax incentive of \$3,890,990 for the period ended on that date (period ended 31 December 2023: \$3,732,303) which the Group will be able to claim at the end of the financial year.

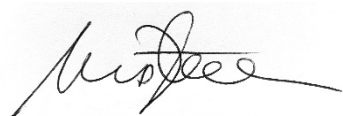
The Group reported revenue for the period ended 31 December 2024 of \$1,165,142 (period ended 31 December 2023: \$1,095,241). Revenue consists of STELFONTA® product sales, milestone revenue and sales-based revenues which have been recognised in line with the accounting policies set out in the Group's full annual financial statements for the year ended 30 June 2024. Sales of STELFONTA® continued to be slower than expected. Virbac, QBiotics' marketing and distribution partner for STELFONTA®, continued to support the drug and work with the QBiotics marketing team to improve future sales.

The Group has \$39,219,509 in cash, cash equivalents and term deposits at 31 December 2024 (at 31 December 2023: \$46,061,943). Management continued to work diligently on extending the cash runway whilst maximising the value of product development for the Company.

### 4. Auditor's independence declaration

The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 21 and forms part of this directors' report for the period ended 31 December 2024.

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



Mark Fladrich  
Chair of the Board

Dated at Brisbane this 6<sup>th</sup> day of February 2025.

# 02

## Condensed Consolidated Financial Statements



# QBiotech Group Limited

## Condensed statement of profit or loss and other comprehensive income

For the six months ended 31 December 2024

	Note	31 Dec 2024 \$	31 Dec 2023 \$
Revenue	3	1,165,142	1,095,241
Government grants	4	3,890,990	3,732,303
Other income		13,494	9,610
<b>Total income</b>		<b>5,069,626</b>	<b>4,837,154</b>
<b>Expenses</b>			
Changes in inventories of finished goods and work in progress		343,972	221,841
Inventory purchases		119,070	214,913
Business compliance and advisory expenses		332,093	352,671
Depreciation and amortisation expenses		469,344	446,366
Occupancy expenses		132,753	142,932
Personnel expenses		6,724,634	5,712,281
Research and development contractors and related expenses		6,078,089	6,006,626
Marketing contractors and regulatory expenses		494,117	547,749
Technology and communications expenses		230,749	219,857
Travel and accommodation expenses		473,580	323,312
Other expenses		141,941	135,866
<b>Total expenses</b>		<b>15,540,342</b>	<b>14,324,414</b>
<b>Results from operating activities</b>		<b>(10,407,716)</b>	<b>(9,487,260)</b>
Finance income		1,206,296	1,016,866
Finance costs		(35,027)	(54,604)
<b>Net finance income</b>		<b>1,171,269</b>	<b>962,262</b>
<b>Loss before tax</b>		<b>(9,299,447)</b>	<b>(8,524,998)</b>
Tax expense		-	-
Loss for the period		(9,299,447)	(8,524,998)
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(9,299,447)</b>	<b>(8,524,998)</b>
<b>Attributable to:</b>			
Owners of the Company		(9,299,447)	(8,524,998)
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share:</b>			
Basic earnings per share	5(a)	(1.90)	(1.75)
Diluted earnings per share	5(b)	(1.90)	(1.75)

The notes on pages 11 to 17 are an integral part of these financial statements.



# QBiotech Group Limited

## Condensed consolidated statement of changes in equity

For the period ended 31 December 2024

	Note	Attributable to owners of the Company			Total equity \$
		Share capital \$	Share-based payments reserve \$	Accumulated losses \$	
Balance at 1 July 2024		189,989,433	2,997,840	(137,244,951)	55,742,322
<b>Total comprehensive income for the period</b>					
Loss for the period		-	-	(9,299,447)	(9,299,447)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(9,299,447)	(9,299,447)
<b>Transactions with owners of the Company, recognised directly in equity</b>					
<i>Contributions by owners</i>					
Options exercised	11	579,862	(579,862)	-	-
Share-based payment transactions	11	-	459,352	-	459,352
Transfer to accumulated losses	11	-	(196,589)	196,589	-
Total contributions by owners of the Company		579,862	(317,099)	196,589	459,352
<b>Balance at 31 December 2024</b>		<b>190,569,295</b>	<b>2,680,741</b>	<b>(146,347,809)</b>	<b>46,902,227</b>
Balance at 1 July 2023		189,605,357	3,610,941	(120,488,092)	72,728,206
<b>Total comprehensive income for the period</b>					
Loss for the period		-	-	(8,524,998)	(8,524,998)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(8,524,998)	(8,524,998)
<b>Transactions with owners of the Company, recognised directly in equity</b>					
<i>Contributions by owners</i>					
Options exercised	11	111,916	(111,916)	-	-
Share-based payment transactions	11	-	285,324	-	285,324
Total contributions by owners of the Company		111,916	173,408	-	285,324
<b>Balance at 31 December 2023</b>		<b>189,717,273</b>	<b>3,784,349</b>	<b>(129,013,090)</b>	<b>64,488,532</b>

The notes on pages 11 to 17 are an integral part of these financial statements.

# QBiotech Group Limited

## Condensed consolidated statement of financial position

At 31 December 2024

	Note	31 Dec 2024 \$	30 Jun 2024 \$
<b>Assets</b>			
Cash and cash equivalents		9,758,367	6,927,293
Term deposits		29,461,142	36,551,970
Trade and other receivables		4,558,345	8,196,459
Contract assets		463,736	455,726
Inventory	6	738,974	838,961
Prepayments		1,231,090	1,437,356
<b>Total current assets</b>		<b>46,211,654</b>	<b>54,407,765</b>
Contract assets		861,024	521,208
Inventory	6	-	1,312,327
Prepayments		1,919,193	1,813,791
Property, plant and equipment		3,151,006	3,245,403
Right-of-use assets	8	545,757	791,006
Intangible assets	9	376,318	394,595
<b>Total non-current assets</b>		<b>6,853,298</b>	<b>8,078,330</b>
<b>Total assets</b>		<b>53,064,952</b>	<b>62,486,095</b>
<b>Liabilities</b>			
Contract liabilities		91,346	91,345
Trade and other payables		3,466,571	3,231,513
Lease liabilities	10	473,556	588,291
Employee benefits		1,591,433	1,980,624
<b>Total current liabilities</b>		<b>5,622,906</b>	<b>5,891,773</b>
Contract liabilities		-	91,346
Lease liabilities	10	150,587	317,304
Provisions		25,148	24,225
Employee benefits		364,084	419,125
<b>Total non-current liabilities</b>		<b>539,819</b>	<b>852,000</b>
<b>Total liabilities</b>		<b>6,162,725</b>	<b>6,743,773</b>
<b>Net assets</b>		<b>46,902,227</b>	<b>55,742,322</b>
<b>Equity</b>			
Share capital	11	190,569,295	189,989,433
Share-based payments reserve		2,680,741	2,997,840
Accumulated losses		(146,347,809)	(137,244,951)
<b>Total equity</b>		<b>46,902,227</b>	<b>55,742,322</b>

The notes on pages 11 to 17 are an integral part of these financial statements.

# QBiotech Group Limited

## Condensed consolidated statement of cash flows

For the period ended 31 December 2024

	Note	31 Dec 2024 \$	31 Dec 2023 \$
<b>Cash flows from operating activities</b>			
Cash received from:			
Customers		832,923	692,720
Research and development tax incentive received		7,366,757	-
GST and VAT refunds		389,622	350,143
Other income		8,008	4,650
Cash paid to suppliers and employees		(13,413,859)	(14,882,063)
<b>Net cash used in operating activities</b>		<b>(4,816,549)</b>	<b>(13,834,550)</b>
<b>Cash flows from investing activities</b>			
Interest received		978,647	1,300,167
Net proceeds from/(invested in) term deposits		7,090,828	19,500,401
Acquisition of property, plant and equipment	7	(129,515)	(208,117)
Proceeds from sale of property, plant and equipment		21,818	-
<b>Net cash from investing activities</b>		<b>7,961,778</b>	<b>20,592,451</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(314,155)	(291,702)
<b>Net cash used in financing activities</b>		<b>(314,155)</b>	<b>(291,702)</b>
Net increase in cash and cash equivalents		2,831,074	6,466,199
Cash and cash equivalents at 1 July		6,927,293	6,130,178
<b>Cash and cash equivalents at 31 December</b>		<b>9,758,367</b>	<b>12,596,377</b>

Cash and cash equivalents at 31 December 2024 referred to above does not include term deposits of \$29,461,142 (31 December 2023: \$33,465,566) disclosed separately in the statement of financial position.

The notes on pages 11 to 17 are an integral part of these financial statements.

# QBiotics Group Limited

## Notes to the condensed consolidated financial statements

For the period ended 31 December 2024

### 1. Corporate information

QBiotics Group Limited (the “Company” or “QBiotics Group”) is a public unlisted company domiciled in Australia. These condensed consolidated financial statements (“interim financial statements”) as at and for the period ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as “the Group”). At 31 December 2024, the Company had four 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 primarily is involved in the development of drugs for the human and veterinary markets.

### 2. Basis of preparation

#### (a) Statement of compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements for QBiotics Group as at and for the year ended 30 June 2024.

The interim financial statements were authorised for issue by the directors on the date shown on the directors’ declaration.

#### (b) Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of QBiotics as at and for the year ended 30 June 2024 other than in respect of estimating the net realisable value of raw materials and work in progress inventory as set out in Note 6.

#### (c) Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s most recent annual financial statements for the year ended 30 June 2024.

### 3. Revenue

The Group’s revenue disaggregated is as follows:

	31 Dec 2024	31 Dec 2023
	\$	\$
<b>Point in time</b>		
Product sales revenue	796,730	713,958
<b>Total point in time</b>	<b>796,730</b>	<b>713,958</b>
<b>Over time</b>		
Milestone revenue	91,345	76,996
Sales-based revenues	277,067	304,287
<b>Total over time</b>	<b>368,412</b>	<b>381,283</b>
<b>Total revenue</b>	<b>1,165,142</b>	<b>1,095,241</b>



# QBiotech Group Limited

## Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2024

### 4. Government grants

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 period include expenses from all expenditure categories disclosed by nature in the condensed consolidated statement of profit or loss and other comprehensive income. Total eligible research and development costs incurred for the six months ended 31 December 2024 were \$8,944,805 (six months ended 31 December 2023: \$8,580,007).

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 period. Consequently, at 31 December 2024 an amount of \$3,890,990 (31 December 2023: \$3,732,303) has been recognised as an other receivable and a government grant.

### 5. Earnings per share

#### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2024 was based on the loss attributable to ordinary shareholders of \$9,299,447 (six months ended 31 December 2023: loss of \$8,524,998) and a weighted average number of ordinary shares calculated as follows:

	31 Dec 2024	31 Dec 2023
	#	#
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 July	488,429,663	488,010,385
Effect of ordinary shares issued during the period	120,251	10,535
<b>Weighted average number of shares</b>	<b>488,549,914</b>	<b>488,020,920</b>

#### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six-month ended 31 December 2024 was based on the loss attributable to ordinary shareholders of \$9,299,447 (six months ended 31 December 2023: loss of \$8,524,998) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2024 of 488,549,914 (six months ended 31 December 2023: 488,020,920).

At 31 December 2024 and 31 December 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.

### 6. Inventory

	31 Dec 2024	30 Jun 2024
	\$	\$
Current	738,974	838,961
Non-current	-	1,312,327
<b>Total inventory</b>	<b>738,974</b>	<b>2,151,288</b>
Raw materials and consumables	-	118,560
Work in progress	592,244	1,665,121
Finished goods	146,730	367,607
<b>Total inventory</b>	<b>738,974</b>	<b>2,151,288</b>
Gross inventory	2,851,132	3,077,645
Less provisions	(2,112,158)	(926,357)
<b>Total inventory</b>	<b>738,974</b>	<b>2,151,288</b>

At 31 December 2024, inventory is shown net of a provision of \$2,112,158 (31 December 2023: \$1,545,927) which is recorded to write-down finished goods to net realisable value.

Movements in write-downs are recognised in profit or loss as part of Changes in inventories of finished goods and work in progress or as Research and development contractors and related expenses where applicable.

# QBiotech Group Limited

## Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2024

### 6. Inventory (continued)

During the six months ended 31 December 2024, the Group has reassessed the useful life of Active Pharmaceutical Ingredient (API) as 5 years following advice from its manufacturer about its effective life. Previously the useful life for API was indefinite. Consequently, the write-down of inventory to net realisable value increased by \$1,185,801 to \$2,112,158. \$1,068,341 of the write-down of inventory to net realisable value recognised during the six months ended 31 December 2024 was expensed to Research and development contractors' and related expenses and the remaining \$117,460 was expensed as part of the Changes in inventories of finished goods and works in progress.

During the six months ended 31 December 2023, the provision decreased by \$299,755 as \$305,587 of inventory previously provided for was disposed of and the provision against remaining inventory increased by \$5,832.

### 7. Property, plant and equipment

During the six months ended 31 December 2024 the Group acquired plant and equipment for \$129,515 (six months ended 31 December 2023: \$208,117).

During the six months ended 31 December 2024, minor items of plant and equipment were disposed of and a gain of \$10,702 was recognised as part of Depreciation and amortisation expenses in the statement of profit and loss. No items were disposed of during the six months ended 31 December 2023.

### 8. Right of use assets

	Land and buildings \$	Office Equipment \$	Total \$
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)
<b>Balance at 30 June 2024</b>	<b>781,356</b>	<b>9,650</b>	<b>791,006</b>
Balance at 1 July 2024	781,356	9,650	791,006
Additions	3,724	-	3,724
Depreciation	(247,815)	(1,158)	(248,973)
<b>Balance at 31 December 2024</b>	<b>537,265</b>	<b>8,492</b>	<b>545,757</b>

#### *Key transactions during the six months ended 31 December 2024*

During the six months ended 31 December 2024 CPI indexing on the Company's lab premise lease resulted in \$3,724 being recognised as an increase to the right of use assets and an increase to lease liabilities.

#### *Key transactions during the six months ended 31 December 2023*

During the six months ended 31 December 2023 the Group extended a lease for a shared apartment (Note 10). Consequently, right of use assets were increased by \$25,926 during the period. During the six months ended 31 December 2023, the Company terminated its lab premise lease and entered a new lease for a different lab premise. As a result of this transaction, right of use assets were decreased by \$112,891 for the terminated lab premise and a gain on the termination of \$3,971 was recognised. The new lab premise resulted in the right of use assets being increased by \$307,907.

The Group also entered a new lease for an office photocopier during the six months ended 31 December 2023 and as a result right of use assets were increased by \$11,580. At the time the new photocopier was leased, the old one was returned and a loss on the disposal of the previous photocopier right of use asset of \$558 was recognised.

# QBiotech Group Limited

## Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2024

### 9. Intangible assets

During the six months ended 31 December 2024 the Group did not acquire any further intangible assets (six months ended 31 December 2023: \$nil).

There was no impairment of intangibles during the six months ended 31 December 2024 or the six months ended 31 December 2023.

### 10. Lease liabilities

	31 Dec 2024	30 Jun 2024
	\$	\$
Current lease liabilities	473,556	588,291
Non-current lease liabilities	150,587	317,304
<b>Total lease liabilities</b>	<b>624,143</b>	<b>905,595</b>

During the six months ended 31 December 2024, \$27,358 of interest expense on lease liabilities was recognised and included in finance costs (six months ended 31 December 2023: \$41,866). Lease payments for the period totalled \$314,155 (six months ended 31 December 2023: \$291,702).

#### Key transactions during the six months ended 31 December 2024

During the six months ended 31 December 2024, there was a CPI increase on the Company's leased lab premise which resulted in an increase to the lease liability and the related right of use asset of \$3,724.

#### Key transactions during the six months ended 31 December 2023

During the six months ended 31 December 2023, 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 8) were increased by \$25,926.

During the six months ended 31 December 2023, 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. 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 \$307,907.

During the six months ended 31 December 2023, the company 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.

#### (a) Future minimum lease payments

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

	Minimum lease payments due		
	Within one year	One to five years	Total
31 December 2024	\$	\$	\$
Lease payments	473,559	184,181	657,740
Finance charges	(26,434)	(7,163)	(33,597)
<b>Net present values</b>	<b>447,125</b>	<b>177,018</b>	<b>624,143</b>

# QBiotech Group Limited

## Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2024

### 10. Lease liabilities (continued)

(a) Future minimum lease payments (continued)	Minimum lease payments due		
	Within one year	One to five years	Total
30 June 2024	\$	\$	\$
Lease payments	588,291	377,957	966,248
Finance charges	(44,543)	(16,110)	(60,653)
<b>Net present values</b>	<b>543,748</b>	<b>361,847</b>	<b>905,595</b>

### 11. Share capital and share-based payments reserve

#### (a) Movements in share capital

	Ordinary shares		Share capital	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	#	#	\$	\$
<b>1 July to 31 December</b>				
On issue at 1 July	488,429,663	488,010,385	189,989,433	189,605,357
Exercise of share options	596,948	102,020	579,862	111,916
<b>On issue at 31 December – fully paid</b>	<b>489,026,611</b>	<b>488,112,405</b>	<b>190,569,295</b>	<b>189,717,273</b>

#### Ordinary shares

##### Key transactions during the six months ended 31 December 2024

On 5 November 2024, the Company issued 306,707 new shares following the exercise of vested zero exercise price options. Of the 306,707 options, 26,674 had a fair value of 0.394 per option, 96,959 had a fair value of 0.579 per option, 20,475 had a fair value of \$1.359 per option and the remaining 162,599 options had a fair value of \$1.422 per option. The fair value of the options exercised was calculated at the time of granting using the Black-Scholes Merton formula. Consequently, \$325,690 was transferred from the Company's share-based payment reserve to share capital.

On 16 December 2024, the Company issued 290,241 new shares following the exercise of vested zero exercise price options. Of the 290,241 options, 63,063 had a fair value of 0.394 per option, 111,178 had a fair value of 0.579 per option, and the remaining 116,000 options had a fair value of \$1.422 per option. The fair value of the options exercised was calculated at the time of granting using the Black-Scholes Merton formula. Consequently, \$254,172 was transferred from the Company's share-based payment reserve to share capital.

##### Key transactions during the six months ended 31 December 2023

On 19 December 2023, the Company issued 102,020 new shares following the exercise of vested zero exercise price options. The fair value of the options was \$1.097 per option. The fair value of the options exercised was calculated at the time of granting using the Black-Scholes Merton formula. Consequently, \$111,916 was transferred from the Company's share-based payment reserve to share capital.

#### (b) Share-based payments reserve

	31 Dec 2024	31 Dec 2023
	\$	\$
Balance at 1 July	2,997,840	3,610,941
Share-based payments recognised during the period	459,352	285,324
Amount transferred to share capital	(579,862)	(111,916)
Amount transferred to accumulated losses	(196,589)	-
<b>Total share-based payments reserve</b>	<b>2,680,741</b>	<b>3,784,349</b>

During the period, the Company recognised \$459,352 (six months ended 31 December 2023: \$285,324) of share-based payments to employees and directors in personnel expenses.



# QBiotech Group Limited

## Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2024

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

#### (b) Share-based payments reserve (continued)

##### Options granted and cancelled

###### *During the six months ended 31 December 2024*

On 31 July 2024, the Company issued a total of 676,819 options to its non-executive directors under its non-executive director option plan. The options are in lieu of cash compensation for directors' fees and will vest on 31 July 2025. In November 2024, 136,152 of the options were cancelled and 89,737 options were vested early on the retirement of two non-executive directors. The options are zero priced, have an expected life of 18 months, and had a fair market value of \$0.394 per option at the time of the grant.

On 26 August 2024, the Company issued a total of 4,763,254 options to its senior employees under its long-term incentive plan. The options will vest if employees have met the three-year service condition and are subject to share price based performance hurdles being met by 31 July 2027. Once exercised, shares issued under the plan are subject to a two-year holding lock. The options were valued using a Monte Carlo simulation and were valued at \$0.06 per option at the time of grant.

On 2 September 2024, the Company issued 532,995 options to a senior employee. 266,497 of the options will vest on 2 September 2025 and have an expected life of 18 months with the remaining 266,498 vesting on 2 September 2026 and have an expected life of 30 months. The options are zero priced and had a fair market value of \$0.384 per option at the time of the grant.

On 22 October 2024, the Company issued 166,916 options to non-executive directors under its non-executive director option plan. Of these 126,904 will vest on 15 March 2025 and have an 11-month effective life. The remaining 40,012 will vest on 21 October 2025 and have an 18-month effective life. The options are zero priced and had a fair market value at issue of \$0.394 per option at the time of the grant.

On 6 November 2024 and 22 November 2024, the Company issued 41,096 and 7,665 options respectively to non-executive directors under its non-executive director option plan. The options will vest on 6 November 2025 and 22 November 2025 respectively. The options are zero priced, have an expected life of 18 months, and had a fair market value at issue of \$0.395 per option at the time of the grant.

###### *During the six months ended 31 December 2023*

On 1 September 2023, the Company issued a total of 2,826,822 options to its senior employees under a long-term incentive plan. The options will vest if employees have met the three-year service condition and are subject to share price based performance hurdles being met by 31 July 2026. Once exercised, shares issued under the plan are subject to a two-year holding lock. The options were valued using a Monte Carlo simulation and were valued at \$0.19 per option at the time of grant.

On 27 July 2023, the Company issued a total of 333,832 options to its non-executive directors under its non-executive director option plan. The options are in lieu of cash compensation for directors' fees and will vest on 27 July 2024. In December 2023, 85,707 of the options were cancelled. The options are zero priced, have an expected life of 18 months, and had a fair market value of \$0.5790 per option at the time of the grant.

#### (c) Dividends

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

### 12. Financial instruments

#### (a) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2024.

# QBiotech Group Limited

## Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2024

### 12. Financial instruments (continued)

#### (b) 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 condensed consolidated statement of financial position.

### 13. Related parties

#### (a) Key management personnel compensation

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and other long-term benefits. Key management personnel received total compensation of \$1,726,142 for the period ended 31 December 2024 (period ended 31 December 2023: \$1,057,884).

#### (b) Key management personnel transactions

Key management personnel of the Company control 24.36% (30 June 2024: 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.

Cash based transactions	Transaction value		Balance outstanding at	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	30 Jun 2024
	\$	\$	\$	\$
The Group rents premises from Dr Gordon and Dr Reddell. The lease contract terms are based on market rates and are payable on a monthly basis.	18,566	22,458	-	-

### 14. New standards and interpretations adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024, these have been adopted and have not had a significant impact on the Group's consolidated financial statements.

### 15. Subsequent events

There have been no events in the interval between the end of the financial period and the date when these financial statements are authorised for issue which affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

# QBiotics Group Limited

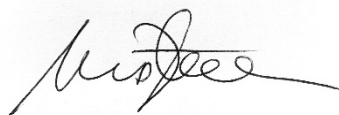
## Directors' declaration

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

- (a) the condensed consolidated interim financial statements and notes that are set out on pages 11 to 17 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Brisbane this 6<sup>th</sup> day of February 2025.



Mark Fladrich  
*Chair of the Board*

# Independent Auditor's Review Report

## To the Members of QBiotics Group Limited

### Report on the interim financial report

#### Conclusion

We have reviewed the accompanying interim financial report of QBiotics Group Limited (the Company) and its subsidiaries (the Group) which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

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



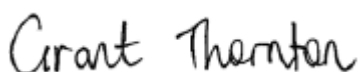
### Directors' responsibility for the interim financial report

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

### Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



L M Worsley  
Partner – Audit & Assurance

Sydney, 6 February 2025

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**Grant Thornton Audit Pty Ltd**

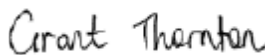
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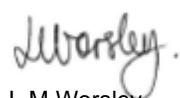
## Auditor's Independence Declaration

### 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 half year ended 31 December 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.

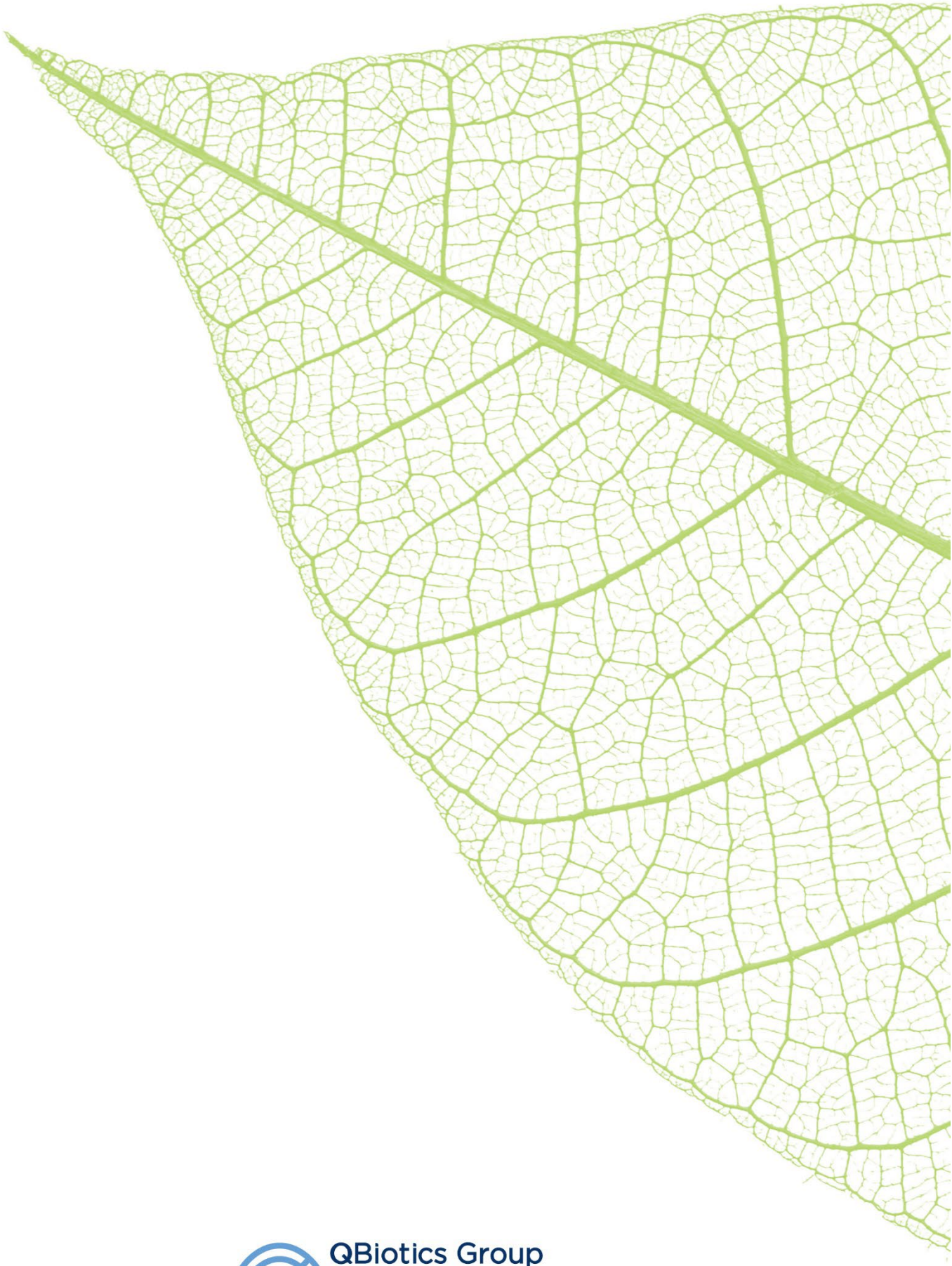
  
Grant Thornton Audit Pty Ltd  
Chartered Accountants

  
L M Worsley  
Partner – Audit & Assurance  
Sydney, 6 February 2025

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**QBiotics Group**

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