

For personal use only

MICROBA™

Annual Report

Financial Report for the year ended 30 June 2025

Microba Life Sciences Limited
and controlled entities

Microba Life Sciences Limited | ABN 82 617 096 652

Corporate Directory

MICROBA™

Directors

Pasquale Rombola
Ian Frazer
Gene Tyson
Richard Bund
Hyungtae Kim
Jacqueline Fernley

Key management personnel

Luke Reid (Chief Executive Officer)
James Heath (Chief Financial Officer)

Company secretaries

James Heath
Peter Webse (resigned 31 August 2024)

Registered office and principal place of business

Microba Life Sciences Limited
Level 10
324 Queen Street
Brisbane QLD
Australia

Share register

Automic Pty Ltd
Level 35
477 Collins Street
Melbourne VIC
Australia

Auditor

Pitcher Partners
Level 38
345 Queen Street
Brisbane QLD
Australia

Solicitors

Thomson Geer
Level 28
1 Eagle Street
Brisbane QLD
Australia

Stock exchange listing

Microba Life Sciences Limited shares are listed on the Australian Securities Exchange (ASX code: MAP)

Website

www.microba.com

Corporate Governance Statement

The Company's corporate governance statement is located at the Company's website: <https://ir.microba.com/>

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

Table of Contents

MICROBA™

Performance Highlights	06
Chair, Deputy Chair & CEO Letter	07
Operating & Financial Review	10
Financial Review	11
Diagnostics	13
Therapeutics	21
Material Business Risks	24
Directors' Report	27
Financial Statements	43
ASX Additional Information	93

Performance Highlights

MICROBA™

\$15.7m

Strong Revenue and Cash Receipts Growth

- 30% YoY growth in revenue, reaching \$15.7 million for the year whilst discontinuing legacy products
- 36% YoY growth in cash receipts totalling \$17.0 million

MetaXplore™
Powered by MICROBA

Record Core Test Volumes in Australia

- MetaXplore test sales grew 136%, with 11,065 tests sold in FY25 and an annualised run-rate of 13,800 tests by year-end.
- MetaPanel continued to advance in early market development with over 850 tests sold in FY25

MetaPanel™
Powered by MICROBA

invivo®

Unlocked United Kingdom acquisition

- MetaXplore successfully launched and expanded to full market access at the end of Q4, delivering 429 tests for the quarter
- MetaXplore at year-end represented ~66% of all gastrointestinal tests sold by Microba's UK business

71.4%

identifying actionable results

Delivered landmark utility study results

- Landmark GI Study Results from over 4,600 patients with 71.4% identifying actionable results
- Breakthrough Study Results in over 800 patients, with 20% of MetaPanel tests positive for a pathogen, and 78% of results often missed by routine pathology tests
- Compelling results in Inflammatory Bowel Disease (IBD) patients, with more than 35% of patients experiencing a disease flare testing positive for a pathogen with MetaPanel. More than 60% of these pathogens would be missed using current routine testing methods



Therapeutics positioned for partnering

- Completed pre-clinical R&D pipeline plans, including successful completion of a world-first autoimmune therapeutics discovery program with partner Ginkgo Bioworks, yielding six promising leads.
- Internal R&D largely concluded, and all core IP assets preserved, therapeutic programs transitioned from R&D focus to capital light partnering, actively pursuing strategic partnerships

\$11.74m

Strong cash position

- Cash and equivalents were \$11.74 million as at 30 June 2025
- The balance sheet was strengthened with a successful capital raise of \$14.5 million, of which \$8.45 million was received in August 2025
- A further \$3 million is expected from the FY25 R&D Tax Incentive, expected to be received in H1 FY26

For personal use only

01

Chair,
Deputy Chair
& CEO Letter

Message from the Chair, Deputy Chair & CEO

MICROBA™

Dear Shareholders,

FY25 has been a year of transformative growth and strategic accomplishment for Microba. We began the year with a clear focus: to accelerate transition of our core testing products at the forefront of this new major \$25B diagnostic category, and we are pleased that we have delivered on this objective. Microba's core diagnostic offerings, MetaXplore and MetaPanel, achieved record sales and clinical adoption over the past year, growing over 160%. In Australia, we saw sustained momentum with clinician registrations, test sales volumes and revenue each growing quarter on quarter through the year. In the United Kingdom, through the successful integration of our Invivo Healthcare acquisition, we opened a key market, and test sales are rapidly gathering pace after expanding to full market access at the end of the year. Across both Australia and the UK, our strategic decision to phase out legacy products and focus on our core test portfolio is bearing fruit - our core testing products are now driving sustained revenue growth and moving us closer to our three year target of group breakeven.

Crucially, FY25 was about focus and execution. We streamlined our operations to concentrate on the products that are competitively positioned to win this major new diagnostic category. This meant completing the migration away from, and discontinuation of legacy offerings. These include the Insight consumer test, Research Services offering, and the EcologiX test suite and doubling down on MetaXplore and MetaPanel diagnostic products that deliver high value to clinicians and patients. The impact is evident: Microba delivered 30% revenue growth for the year and record quarterly test sales, all whilst discontinuing legacy products and their associated revenue. While our targeted investment in sales, marketing, and product development still resulted in our bottom line as an overall loss for the year, these investments have continued to lay the foundation for scalable, profitable growth in the future. We have managed our costs carefully and ended the year with a robust cash position of \$11.74 million, which was further strengthened by a \$14.5 million capital raise supported by major existing and new shareholders, with \$8.45 million successfully settled in August 2025. With this strengthened balance sheet, we are well-funded to execute our growth strategy and reach our regional break-even objectives for FY26.

Microba's mission to improve human health through microbiome science remains our driving force. In FY25, we not only grew commercially but also demonstrated the real-world clinical utility of our testing technology. The release of landmark study results showed that our tests provide actionable insights and transformational health outcomes for a range of patient groups with chronic gastrointestinal disorders, powerful proof-points that are supporting more healthcare practitioners to adopt our solutions every day.

We also moved to consolidate our Therapeutics investments and assets for partnering. We have completed deep pre-clinical and early clinical de-risking of our live biotherapeutic assets. The market is waiting to see a definitive Phase1b/2a clinical trial result in a chronic disease setting for this new live biotherapeutic modality. Given the capital requirements, the board and executive made the strategic decision to let peers complete that work and deploy that capital. We have suspended all R&D activities, while preserving our core IP, position ourselves for pharmaceutical partner transactions, and will await maturing of the microbiome therapeutics sector including modality validating trial results. This approach preserves shareholder value and lets us focus on the immediate growth opportunity in diagnostics, whilst maintaining the value and potential upside of our therapeutic assets.

Message from the Chair, Deputy Chair & CEO

MICROBA™

Looking ahead to 2026 and beyond, we are focused and confident. The groundwork laid this year – in market expansion, product validation, and operational focus – positions Microba to capitalise on the first \$25+ billion subsegment of the \$125B microbiome diagnostics market opportunity. Our immediate priorities are clear: continue driving adoption of MetaXplore and MetaPanel in our existing markets, achieve our regional break even objectives, and maintain disciplined financial management to rapidly drive towards self-sustaining growth. We expect FY26 to build on FY25's momentum, with each quarter surpassing the last as we deepen our clinician network and roll out planned product enhancements.

On behalf of the Board, we would like to thank Microba's employees and partners for their hard work and dedication during this pivotal year. We also extend our gratitude and thanks to our shareholders for their continued support and belief in Microba's vision. The progress we have made in FY25 has been a true team effort, and we are only at the beginning of unlocking Microba's impact on patient health. We enter the new year with focus and confidence, and we remain steadfast in our commitment to delivering value, both for patients in need of better health solutions and our shareholders.

Yours sincerely,



A handwritten signature in black ink, consisting of the letters 'P R' followed by a stylized flourish.

Mr. Pasquale Rombola
CHAIR



A handwritten signature in black ink, appearing to read 'I. Frazer'.

Prof. Ian Frazer (AC)
DEPUTY CHAIR



A handwritten signature in black ink, appearing to read 'Luke Reid'.

Dr. Luke Reid
CHIEF EXECUTIVE OFFICER

For personal use only

02

Operating & Financial Review

Financial Review

MICROBA™

The financial year ending 30 June 2025 was a transformative year for Microba Life Sciences, marked by strong growth in core operations, a streamlined portfolio of tests, and sharp focus across the business. Microba Group revenue grew to \$15.7 million, up 30% on FY24 (\$12.1 million), with momentum building across both the Australian and UK markets. This growth was underpinned by accelerating adoption of MetaXplore™, increasing clinician engagement with MetaPanel™, and a stable performance from our Invivo UK supplements business.

In Australia, MetaXplore™ continued to establish itself as the market-leading microbiome diagnostic, with record clinician adoption supported by landmark study results involving more than 4,600 patients. Average selling prices strengthened through the year, and June 2025 closed the financial year with a record month for test volumes. MetaPanel™, though still in the early stages of commercialisation, gained steady traction with clinicians through education and strong key opinion leader support.

In the United Kingdom, FY25 was highlighted by MetaXplore™ achieving full market access in Q4, unlocking rapid growth in ordering clinicians and establishing a strong platform for FY26. The Invivo supplement portfolio delivered annual revenue of \$5.1 million, with particularly strong performance from Invivo owned and branded supplement formulations such as PHGG. As planned, distribution of lower-margin third-party products was reduced, with customers successfully transitioned to higher-margin lines. Legacy testing services under the EcologiX brand were wound down, with the majority of customers migrated to MetaXplore™ by year end.

Gross profit increased to \$7.4 million, representing a gross margin of 47.5% (FY24: 48.8%). The slight reduction reflects targeted promotional pricing and transitional costs associated with the UK product launch. Importantly, margins benefitted from improved product mix, operational efficiencies, and the exit of low-margin legacy services, positioning the Company for margin expansion as volumes scale further in FY26.

Operating expenditure was \$32.23 million in FY25 (FY24: \$32.82 million) a slight decrease year on year despite the expanded operational footprint. During FY25 operating expenses were focussed on revenue-facing capability, with the largest expense category being employee expenses which increased to \$16.49 million (FY24: \$11.62 million), primarily reflecting the full year ownership of Invivo's operations. Research & Development expenditure reduced to \$2.01 million (FY24: \$10.84 million) following the move to stop R&D and transition to focus on partnering. Depreciation and amortisation of \$4.43 million (FY24: \$2.87 million) reflected a full year of amortisation of intangibles acquired with Invivo and ongoing capital investment in Microba's products and cloud infrastructure, consulting increased to \$3.42 million (FY24: \$2.25 million) associated with increased platform investment and targeted advisory engagements.

The Group recorded a net loss after tax of \$14.94 million, a material improvement on the FY24 net loss of \$19.94 million. This reflects both the higher revenue base, gross profit, reduction in R&D and the benefits of continued cost discipline. Microba is on a positive path towards its stated target of achieving of regional break-even in Australia and the UK during FY26.

Financial Review



Cash at bank was \$11.74 million at 30 June 2025, supported by completion of Tranche 1 of the \$14.5 million capital raise pre 30 June 2025. A further \$8.5 million (Tranche 2 and SPP) was received in August 2025, strengthening the balance sheet. Operating cash outflows improved to \$12.0 million (FY24: \$15.6 million). The Company also benefitted from the Australian Government's R&D Tax Incentive, receiving \$6.0 million in early FY25, with a further \$3 million expected in H1 FY26.

Microba enters FY26 with strong sales momentum, a focused portfolio centred on high-margin diagnostics and supplements, and a solid financial foundation for growth. The combination of market leading products, growing clinician adoption, expanding international reach, and disciplined cost management, positions the Company to build on its leadership in microbiome diagnostics and deliver long-term shareholder value.

Review of Operations & Activities

DIAGNOSTICS

MICROBA™

GROWTH - Personal Testing

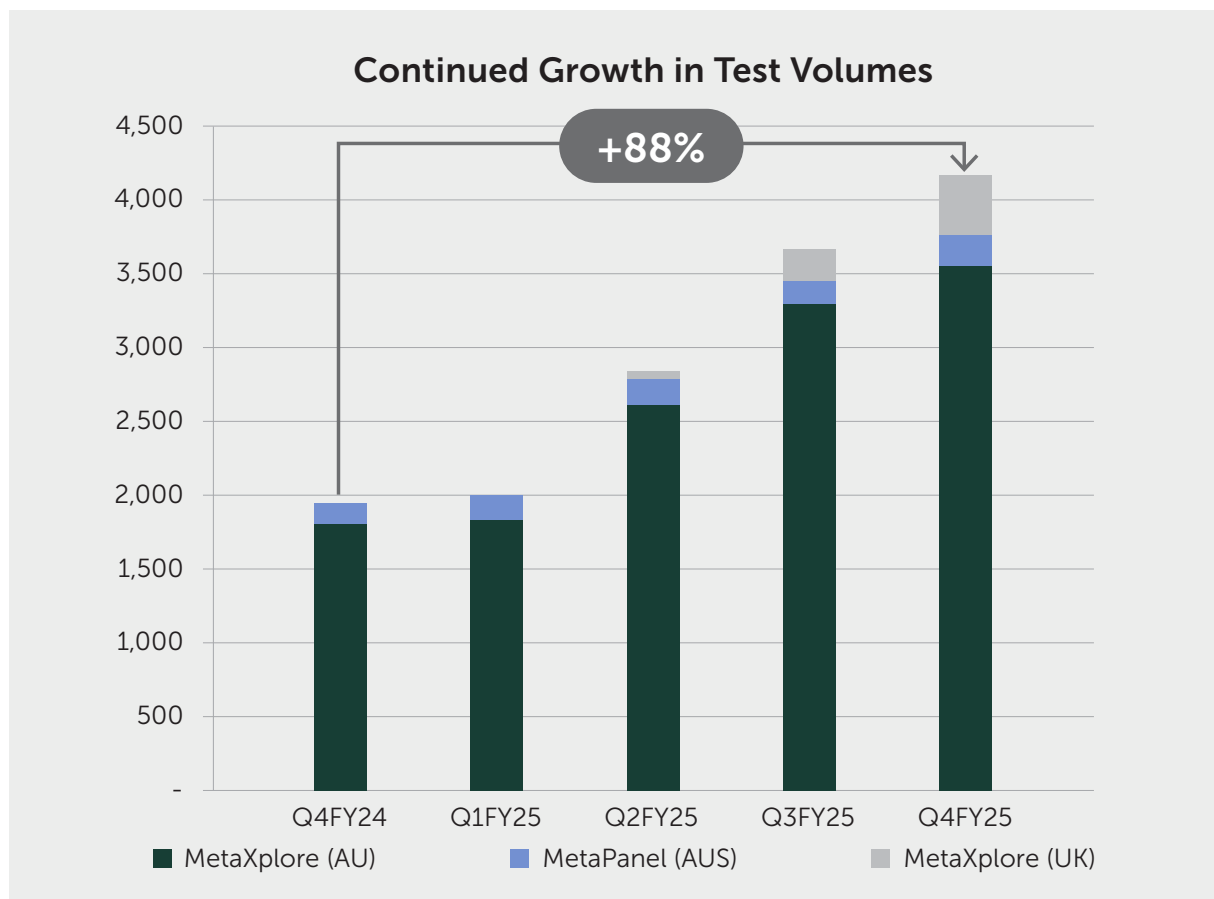
Core tests & clinical software winning a major new \$25B diagnostic category.

Together, MetaXplore and MetaPanel form the core of Microba's Growth product segment and are the primary engines driving the Company's revenue expansion.

MetaXplore

MetaXplore™
Powered by MICROBA

Microba's flagship MetaXplore gastrointestinal disorders test saw strong adoption by innovator and early adopter clinicians spanning integrative medicine, general practice and gastroenterology specialists.



Real-world evidence was released during the year to support MetaXplore's clinical value: results from a large-scale study (over 4,600 Australian patients) demonstrated that MetaXplore™ can support clinicians to identify and address underlying gut issues that often go undetected by conventional testing. In 71.4% of cases, the test revealed findings, such as abnormalities in gut bacteria, signs of infection, markers

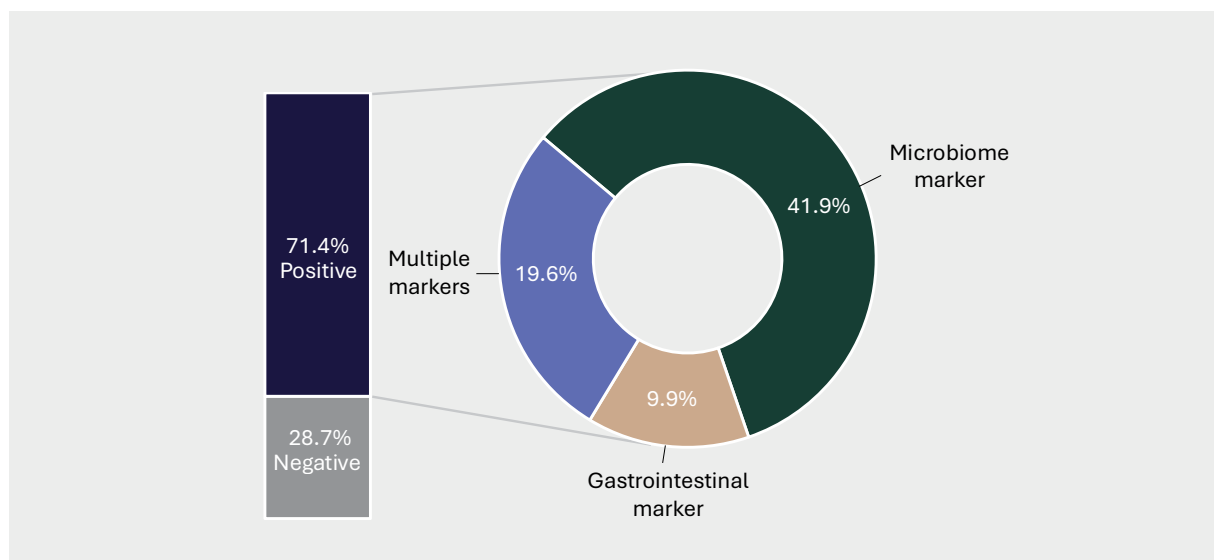
Review of Operations & Activities

DIAGNOSTICS

MICROBA™

of inflammation or insufficiency that could inform targeted treatment strategies. Further, two-thirds of MetaXplore™ patients in a separate study of follow up survey results reported improvement of symptoms after their care was guided by the test results.

These results highlight the clinical value of MetaXplore™ test results in advancing outcomes for patients with chronic lower gastrointestinal disorders, highlighting the potential to reshape clinical management of these conditions and set a new standard of care.

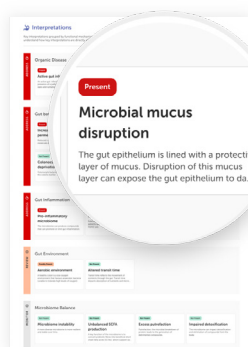


Microba's investment in targeted sales, and educational outreach, including hosting clinical webinars and conferences, has continued to drive practitioner engagement and adoption. This is combined with continued advancement in the product aligned to the product roadmap leading the clinical utility, interpretability, actionability and integration of this testing into clinical and business workflows for healthcare professionals.

Enhanced Interpretability

E.g. Health Categories, Marker Cards

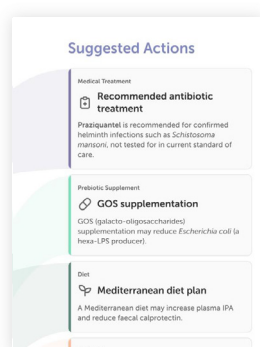
Combine multiple markers into smart, clear, synthesized, clinical findings in the context of the patient.



Enhanced Actionability

E.g. Key findings, Suggested Actions

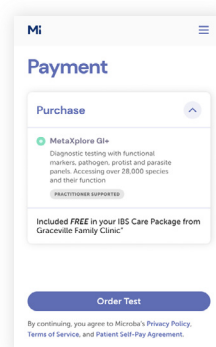
Advanced scientific and medical logic with beautiful design that prioritise treatment actions and enable clinicians to design a personalized care plan.



Enhanced Business Integration

E.g. Paid by Clinic, PMS integration

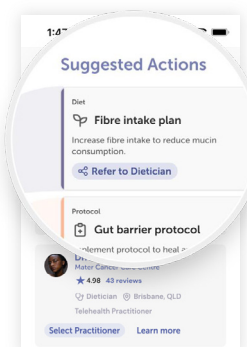
Clinic features that enable more seamless integration with their business models (E.g. including our test in their care packages).



Enhanced Workflow Integration

E.g. Report Sharing, Refer to Specialist

Patient treatment requires a multi-disciplinary care team enabled by multiple collaboration features including rapid referrals to trained specialists.



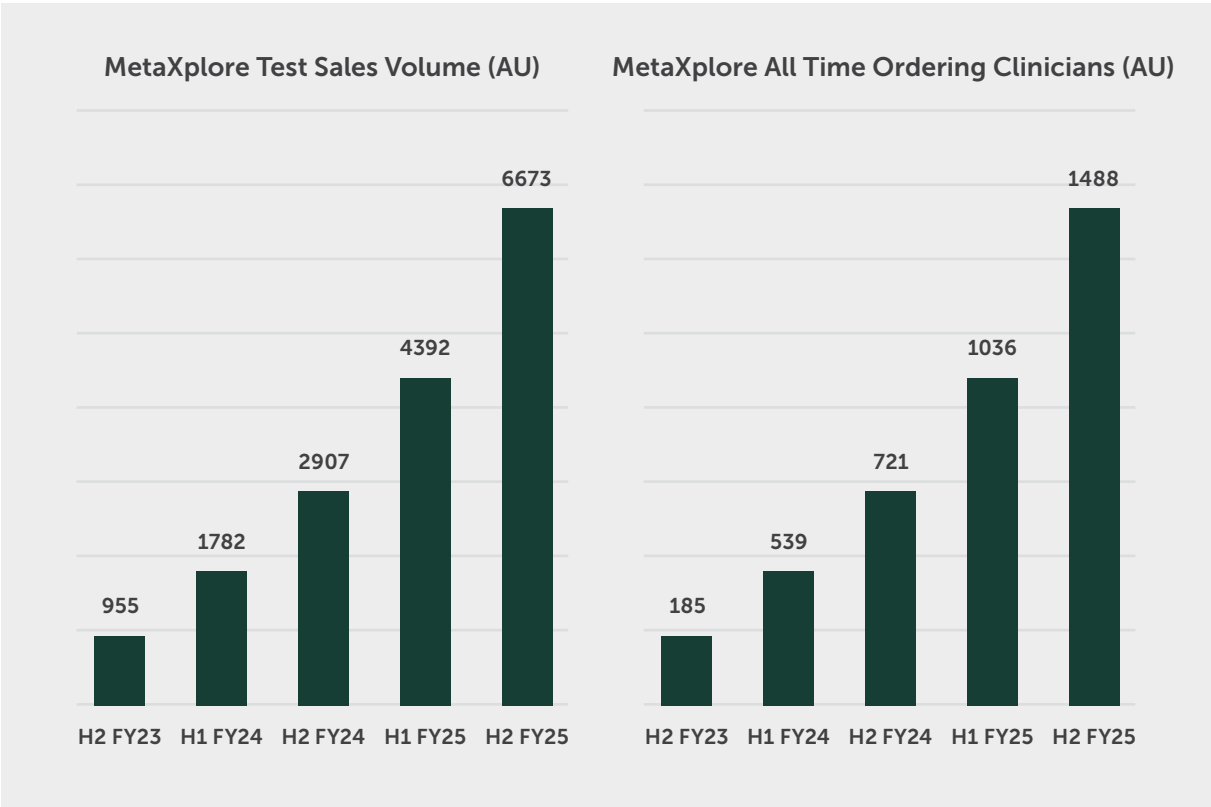
Review of Operations & Activities

DIAGNOSTICS



Australia results:

During the year we saw over 1,250 clinicians refer and generate over 11,065 test sales continuing a trend of consistent strong half on half growth. This growth was underpinned by both an increase in the number of ordering clinicians and higher repeat orders per clinician as confidence in the test’s utility continues to grow.



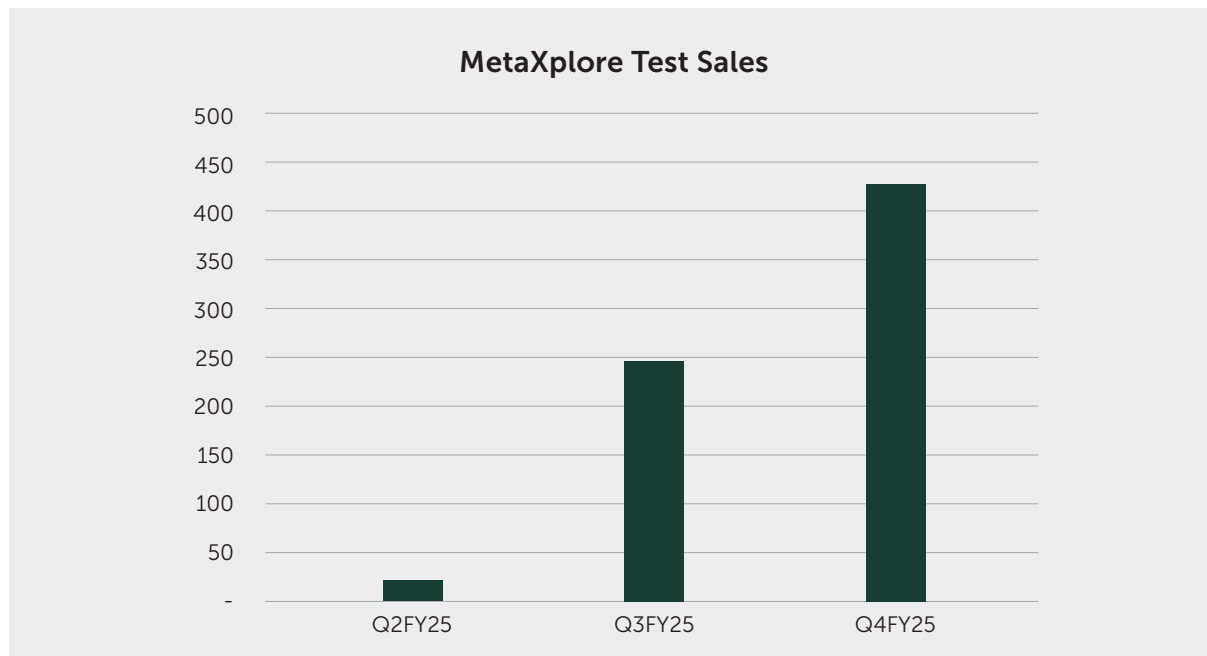
United Kingdom results:

Microba’s UK team made significant strides in transitioning the business from its legacy offerings to Microba’s cutting-edge testing. In October 2024, a select group of Invivo’s existing clinician customer base was introduced to Microba’s technology under a closed group early access program, and by May 2025 the Company achieved full market access for the MetaXplore test (all regulatory, logistical, operational and go-to-market requirements in place to sell MetaXplore across the UK). The impact was immediate: MetaXplore sales in the UK accelerated sharply with June delivering record sales as new clinicians onboarded and commenced referring the test. In Q4 alone, 429 MetaXplore tests were sold in the UK, up 74% quarter-on-quarter. By the end of June, MetaXplore comprised approximately two-thirds of all gastrointestinal test sales in the UK business, strong uptake in a short time period, highlighting successful migration of former EcologiX (legacy test) users to the MetaXplore product in conjunction with adoption from new customers.

Review of Operations & Activities

DIAGNOSTICS

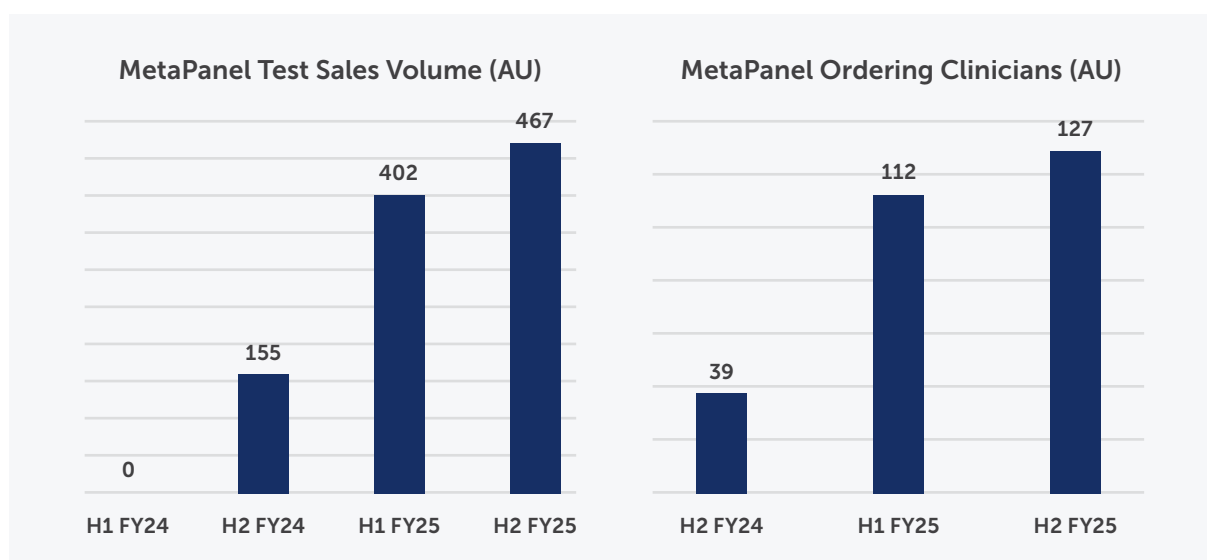
MICROBA™



MetaPanel

MetaPanel™
Powered by MICROBA

Microba's advanced world-first NATA accredited test for diagnosing gastrointestinal pathogens made progress across the year in early market development. Distributed nationally in partnership with Sonic Healthcare, combined investments in targeted sales, KOL development, and educational outreach (including hosting clinical webinars and conferences), has continued to drive practitioner engagement and adoption in this market development phase for this test. This resulted in over 502 clinicians referring and generating over 850 test sales for the year.



Review of Operations & Activities

DIAGNOSTICS

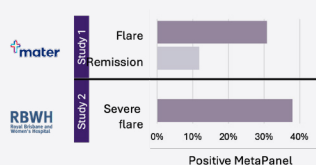
MICROBA™

Significant study results were released with a cohort of ~800 patients with suspected gastrointestinal infections, 20% returned positive pathogen results – of which 78% were findings that traditional routine pathology had missed. Further a cohort of patients with inflammatory bowel disease showed that >35% of IBD patients experiencing a disease flare were positive for a gastrointestinal (GI) pathogen, and more than 60% of these pathogens would be missed using current routine testing methods. These results, combined with influential partnerships (e.g. The Colonoscopy Clinic, a major GI practice) to integrate MetaPanel testing into their standard clinical protocols, are helping establish MetaPanel as an advanced but routine diagnostic tool.

Released to ASX 30 April 2025

Inflammatory Bowel Disease (IBD)

- MetaPanel™ test identifies gastrointestinal pathogens in >35% of IBD patients experiencing flare
- >60% of these pathogens are missed by current routine testing methods
- These findings have the potential to shift treatment protocols and provide a new path to remission for IBD patients, avoiding unnecessary therapy escalation or surgery



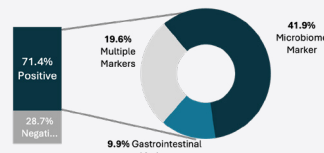
"These results are compelling, both as a clinical use case for MetaPanel, and for the future of precision medicine in gastroenterology. For clinicians like myself managing complex IBD cases, the ability to detect pathogens missed by routine testing could transform how patients are treated."

Associate Professor Graham Radford-Smith

Released to ASX 14 May 2025

Chronic GI Symptoms

- 71.4% of reports from 4,616 patients identified actionable results
- A separate study of 84 patients by Microba who received MetaXplore-guided care found that 65.5% reported health improvements after following their clinician's recommendations
- These results highlight the clinical value of MetaXplore test results in advancing outcomes for patients with chronic lower gastrointestinal disorders, highlighting the potential to reshape clinical management of these conditions and set a new standard of care

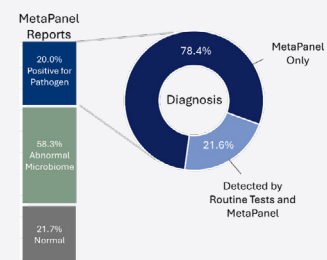


"MetaXplore enables me to objectively identify microbiome dysbiosis, evaluate dietary quality, and direct patients toward evidence-based nutritional strategies. Importantly, it helps differentiate patients with normal GI and microbial profiles who may benefit from psychological support rather than further invasive testing or pharmacological escalation."

Released to ASX 21 May 2025

GI Infectious Disease

- Analysis of 889 MetaPanel™ tests shows that:
 - 20.0% of patients test positive for a pathogen that can cause gastrointestinal infection
 - 78.4% of the pathogens detected by MetaPanel are often missed by routine pathology tests
 - Additionally, 58.3% of tests reveal abnormal microbiome results
- 100% of patients treated for a pathogen detected by MetaPanel experienced complete symptom resolution in an independent study.



Review of Operations & Activities

DIAGNOSTICS

MICROBA™

BASE – Supplements & International Partnerships

To continue with opportunity for future growth.

These opportunities are being maintained and positioned to support future growth opportunities via regional expansion of Serviceable Obtainable Market (SOM), and expansion of customer Lifetime Value (LTV)

Supplements

invivo®

A core component of the Invivo Healthcare acquisition in December 2023, was their nutritional supplements business. Within that business there are two components:

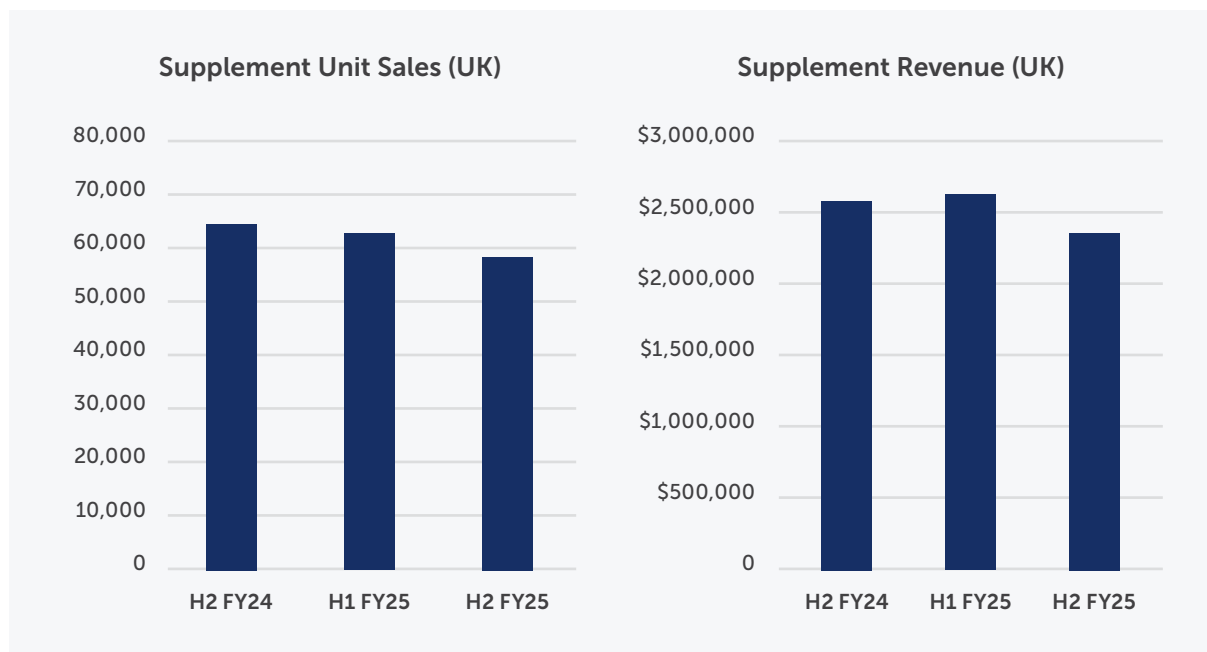
- 1) A distribution right to sell a brand called Designs for Health, which is a respected US brand, into the UK. Which Invivo have been distributing for many years; and
- 2) A compelling, but relatively new portfolio of well formulated, evidence based Invivo owned and branded supplements; and



Over the course of this year, with intense focus on growth of Microba's core testing products, supplement sales and revenues were maintained. At the end of the year, a strategic focus was applied to Invivo's own branded formulations, which largely carry higher margins. As a result, while total supplement revenue in the UK saw a minor decline in Q4 (sales were \$1.1 million, down ~11% vs PCP), sales of Invivo's flagship products grew (the top-selling PHGG prebiotic recorded multiple record sales months in Q4 – up 12% vs PCP). This strategy showed what is possible with the supplements business, and we expect to gradually improve revenue and margins in FY26, and set a foundation for future growth for the supplements business.

Review of Operations & Activities

DIAGNOSTICS



International Partnerships

Outside of Australia and the UK where we are focused and partnered with Sonic Healthcare, Microba has strategically maintained its distribution partnerships with SYNLAB (EU and LATAM), and Genova (US). While relatively minor in revenue, these strategic relationships continue to be actively maintained with legacy products aligned to our future European and United States geographical expansion strategy.

Review of Operations & Activities

DIAGNOSTICS

MICROBA™

LEGACY - Personal Testing

Products & services being discontinued & phased out.

These products and services supported initial revenue generation, and development of our world leading microbiome databank

Aligned to the strategic focus on our core testing products, we have made great progress in discontinuing all legacy products and services.



Insight: Non-diagnostic consumer microbiome test. Enabled Microba to stand up a metagenomic microbiome test, develop its world leading microbiome databank, and ultimately develop Microba's world leading diagnostic products. Insight revenues in Australia ended Dec 2024, and customers where appropriate migrated to MetaXplore. International partner Insight revenues to continue.



Research Services: Delivering professional contract research services to corporates and research institutes using Microba's leading technology and capability. In October 2024, Microba announced the strategic divestment of its research services operations to Clinical Microbiomics (CMC), a specialized research provider. Aligned to this divestment, H2 FY25 saw the winding down of Microba's research services operations, marking the end of the "Research Testing" revenue segment as a reportable unit going forward. This was an orderly transition that has allowed Microba to reallocate capital and personnel to our core diagnostic testing business, while still upholding commitments to research service customers through a strategic acquirer.



EcologiX range: Basic microbiome tests spanning GI, Vaginal, Oral & Urinary testing and a small assortment of tests from other providers distributed through Invivo. Acquired in UK Invivo acquisition in Dec 2023 with the strategy to replace with Microba's world leading diagnostic tests. The migration of customers from the legacy EcologiX products to MetaXplore is on track with MetaXplore now representing a majority of all GI tests sold in the UK. Customers were notified of EcologiX range discontinuation in May-25, sales formally close in at the end of July-25, and EcologiX test processing will close in October-25.

Review of Operations & Activities

THERAPEUTICS

MICROBA™

R&D Highlights

Live Biotherapeutics

- Early in the year, Microba successfully concluded a world-first drug discovery program in autoimmune disease in partnership with Ginkgo Bioworks. This multi-year collaboration screened thousands of gut bacterial strains for therapeutic properties, yielding six lead strains with compelling disease-relevant activity against autoimmune targets. These novel leads have been added to Microba's IP portfolio, expanding our pipeline of therapeutic candidates.
- In parallel, Microba's in-house R&D team made progress in the immuno-oncology program, where it is exploring bacteria with immune-modulatory anti-cancer properties. In FY25, encouraging data from animal models and immune assays demonstrated anti-tumour activity for certain lead bacteria.

Next Generation Probiotics

- In FY25 Microba continued its collaboration with global probiotics leader, International Flavors & Fragrances (IFF), building on the initial agreement in gut health, a second agreement with IFF was signed to develop new microbiome-based treatments for allergies.

Pause of R&D and focus on Partnerships

After 5 years of investment Microba has developed a rich pipeline of live biotherapeutic assets, leveraging Microba's world leading databank generated from its testing business. In FY25, Microba reached key data inflection points for its R&D programs, and aligned to data requirements, capital requirements and market conditions, have paused R&D to focus on partnering.

Given the compelling pre-clinical data for MAP 315 and the Company's other assets, the high unmet needs they address, management remain optimistic about the prospects for these assets. All focus is now on partnering to deliver these assets to patients and provide a return on investment for shareholders, with two commercial streams to value return:

- Live biotherapeutics; and
- Next-generation probiotics

Assets



Commercial strategy

Live Biotherapeutic Out license Pharmaceutical drug (FDA – BLA)

- Strategic partnerships
- Non-dilutive equity investment
- Non-dilutive grant-based funding

Next-Gen Probiotic Out license Medical Food (FDA) or Dietary Supp (FTC&FDA - GRAS)

- Structured pay to play product development and commercialisation programs
- Non-dilutive federal and state grant-based funding

Market value potential

\$1.5 - \$11B

- Upfront
- Milestone payments
- Royalties

Potential partner examples

Roche MERCK Boehringer Ingelheim abbvie

\$50 - \$100M

- Milestone payments
- Royalties

Existing partner opportunity

iff
• NYSE: IFF, \$19.55B market cap
• Largest probiotic company in the world
• Just completed 1 year allergy discovery program

Other potential partner examples

SACCO SYSTEM CIP HANSEN NOBIS DSM

Review of Operations & Activities

THERAPEUTICS

MICROBA™

Live Biotherapeutics Strategy (Pharmaceutical - FDA route via BLA)

The pharma/biotech market is waiting to see a definitive Phase1b/2a clinical trial result in a chronic disease setting for this new live biotherapeutic modality. Given the capital requirements, the board and executive made the strategic decision not to make this investment as Microba at this time, and instead peers deploy that capital to validate the modality for the sector. Aligned to that, in H2 of FY25 we stopped all R&D activities, preserved our core intellectual property, and positioned for partnering.

This approach preserves shareholder value and lets us focus on the immediate growth opportunity in diagnostics, whilst maintaining the value and potential upside of our therapeutic assets.

Our strategy is to remain active in discussions regarding our lead drug candidates, and watch the upcoming clinical trial readouts from peers in the microbiome therapeutics field. One positive trial would validate the modality, and is expected to be a stimulus for partnering activities. Partnering activities include:

- 1) Strategic partnership biotech or big pharma partner licensing deals with traditional upfront, milestone and royalty payments
- 2) Non-dilutive equity investment – equity funding structures that into asset specific vehicles, providing exposure to new investors to this specific asset only minimising dilution for MAP parent shareholders

Next Generation Probiotics Strategy (Medical Food via FDA, or Dietary Supplement via FTC&FDA - GRAS)

The \$79B probiotics market is on the precipice of a major transformation. This is expected to see a move from food and environmental based organisms that are not a natural resident of the human gut microbiome, to human derived organisms which are natural residents of a healthy microbiome. Microba has already engaged the largest probiotic manufacturer in the world, International Flavours & Fragrances (NYSE: IFF), and has now completed its multistage discovery program to develop novel microbiome-based treatments for multiple forms of allergy with discussions regarding future phases of investment.

With the pool of data, biobank assets, and supplement commercial capability, Microba is in a strong position to partner and bring these assets to healthcare professionals and consumers across the globe and disrupt this \$79B probiotic category. These are partnering activities being pursued.

- Structured 'pay to play' product development and commercialisation programs with large probiotic companies
- Strategic out licensing deals – out-licensing assets into an early or late stage entity with capital to complete product development and commercialisation to deliver milestone payments and royalties

Likely Developments and Outlook:

Over the next 12 months, Microba will continue to execute its strategy of scaling its core diagnostic products, MetaXplore™ and MetaPanel™, across Australia and the United Kingdom, with a clear pathway toward achieving regional break-even in both markets during FY26. Building on record test volumes and landmark clinical utility results, the Company is focused on deepening clinician adoption, expanding referral networks, and introducing planned product enhancements to strengthen clinical value and ease of integration into healthcare workflows.

Review of Operations & Activities

THERAPEUTICS



In 2026, international expansion is expected to be a priority leveraging Microba's major partners including Sonic Healthcare and SYNLAB for first market entry into Europe and the United States, laying the foundation for long-term global growth in emerging major diagnostics category.

In Therapeutics, with a portfolio of valuable assets across inflammatory bowel, autoimmune disease, oncology, and allergy Microba will maintain a capital-light partnering strategy. The Company is positioned to unlock shareholder value through multiple strategic partnerships, licensing, or non-dilutive equity structures as the microbiome therapeutics market matures through pivotal clinical trial readouts from peer companies to further validate the live biotherapeutics modality.

Microba's robust cash position, strengthened balance sheet, and sharp strategic focus position the Company well to capitalise on its leadership in microbiome diagnostics and therapeutics. The Directors remain confident that FY26 will build on FY25's momentum, with continued growth in clinician adoption, test volumes, and a clear trajectory toward self-sustaining profitability.

Review of Operations & Activities

MATERIAL BUSINESS RISKS

The Company actively manages a range of risks and uncertainties with the potential to have a material impact on the Company and its ability to achieve its strategic and business objectives. A number of material risks specific to the operations and objectives of the Company have been identified below, each of which is subject to active and ongoing risk management across the Group. The identified risks are common and prevalent to companies across the healthcare, pathology, and drug development sectors.

It is important to note that the table below is not an exhaustive list of business risks; instead, it provides a condensed overview of the key material business risks that face the company at present, additional risks may emerge as the company continues to advance its testing and therapeutics businesses.

Risk	Description of risk
Regulatory and compliance risk	Microba operates in the highly regulated healthcare, diagnostics and clinical trial environments and works with expert advisors related to these activities. Changes in laws, regulations, or industry standards related to healthcare, clinical trials, patient privacy, data protection, and medical testing could impact our operations. Non-compliance with these regulations could result in legal liabilities, fines, reputational damage, and delays in product development.
Competition	The microbiome industry is rapidly evolving, attracting competitors globally. Intensified competition can lead to pressure on pricing, margins, and market share, which reinforces the need to maintain Microba's leading technological position and to continually invest in innovation. Further, there are other companies seeking to develop microbiome-based therapeutics directed to similar indications that are being targeted by the Company.
Clinical trial delays and failures	Developing new drug products can be complex, costly and uncertain. Clinical trials involve inherent risks, including delays due to patient recruitment, lack of efficacy, safety concerns, regulatory hold-ups, and unforeseen adverse effects. The failure of clinical trials to meet endpoints or obtain regulatory approval could lead to extended project timelines, requirement of increased levels of capital or cessation of programs.
Intellectual Property Protection	Microba relies on the ongoing protection of the Company's proprietary technologies, patents, and trade secrets and actively engages with expert intellectual property lawyers to manage this. The international granting of patent claims, risk of intellectual property infringement or challenges from competitors could impact our ability to protect our innovations and maintain a competitive advantage.

Review of Operations & Activities

MATERIAL BUSINESS RISKS

Risk	Description of risk
Ability to raise additional capital	Diagnostic test development, international expansion, therapeutic development and clinical trials are highly capital-intensive, and access to external funding may be essential for our continued operations and development of the Company's diagnostic tests, international expansion and therapeutic asset development. The Company's ability to raise capital is influenced by prevailing market conditions. Unfavourable market conditions, such as economic downturns or heightened market volatility, could impact investor sentiment and may make capital raising more challenging.
Cybersecurity	Microba products and services all have digital components and as such our business must confront the risks of a cybersecurity breach. As we continuously advance the Microba Group, new threats can and will emerge, necessitating a robust information and IT security framework.
Supply chain disruptions	Our operations rely on a consistent supply of laboratory equipment, consumables, reagents, and other materials. Supply chain disruptions due to factors like global events or regulatory issues can lead to delays and increased costs.
Dependency on key personnel	Our success is tied to the expertise and experience of our founders, key scientific and management personnel. The loss of key individuals could disrupt our operations, hinder product development and innovation, and impact our business strategy.
Market acceptance and adoption	The adoption of new healthcare testing methods and products may be slower than anticipated due to factors such as healthcare practitioner reluctance, patient preferences, or limited reimbursement coverage. Delays in market acceptance could impact our revenue projections and growth potential.
Distribution partners	Microba's global strategy includes partnering with global healthcare providers to distribute Microba's products and services in selected territories. Distribution partners are generally responsible for marketing, sales, operations, regulatory and legal considerations surrounding the distribution of the products and services in their defined territory. Distribution partners are separate entities to Microba, and this strategy inherently involves risk that our partners will not meet the commercial or performance objectives or the aforementioned responsibilities of the distribution partnership. The success or failure of these distribution partnerships may have a direct impact on Microba's future financial performance.

Review of Operations & Activities

MATERIAL BUSINESS RISKS

Risk	Description of risk
Jurisdictional and new market risk	As Microba expands into new jurisdictions in the future, including the United States and Europe, the Company is exposed to risks associated with unfamiliar legal, regulatory, and business environments. Political instability, changes in healthcare policies, and inconsistent regulatory frameworks may affect the Company's ability to operate effectively in these markets.
Execution and scaling risk	The Company's strategy relies on achieving growth in test volumes, revenue milestones, and scaling of operations. Failure to execute against these operational and commercial objectives may adversely affect financial performance and delay the achievement of profitability targets.
Foreign exchange and pricing risk	Microba earns revenue in multiple currencies, including GBP through its UK operations. Fluctuations in foreign exchange rates, as well as downward pressure on pricing in competitive markets, may adversely impact financial performance.
Dependency on laboratories and logistics providers	The Company relies on external laboratory and logistics partners to support delivery of its testing services. Any failure by these partners to maintain quality, compliance, or capacity could adversely affect service delivery and reputation.
Data privacy and sovereignty risk	Microba manages sensitive health and genomic information and must comply with strict data protection requirements, including GDPR, HIPAA and data localisation laws. Failure to comply with these requirements could result in legal liability, reputational damage, and loss of customer trust.
Reputation risk	As a healthcare company, Microba's reputation is critical to market adoption of its products and services. Adverse publicity, product performance concerns, or negative clinical outcomes could damage trust with patients, practitioners, and partners, and materially affect the Company's growth prospects.
Strategic execution risk	The Company may not successfully implement its business strategy or achieve stated corporate objectives due to internal or external factors. Failure to deliver against the strategy could adversely impact investor confidence and long-term financial performance.

For personal use only

03

Directors' Report

Microba Life Sciences Limited
Directors' report
30 June 2025

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Microba') consisting of Microba Life Sciences Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

Directors

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

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

The names of the Company Secretaries in office at any time during or since the end of the year unless otherwise stated are:

James Heath
Peter Webse (resigned 31 August 2024)

Results

The loss for the Group after providing for income tax amounted to \$14,939,471 (30 June 2024: \$19,938,485).

Review of operations

Information on the operations and financial position of the Group is set out in the review of operations and activities on pages 10 to 26 of this Annual Report.

Significant changes in the state of affairs

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

Principal activities

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

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

Dividends

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

After balance date events

On 8 August 2025, an Extraordinary General Meeting (EGM) was held where shareholders approved the issuance of equity securities and attaching options related to the first and second tranche (Tranche 2) of the Placement and the Share Purchase Plan (SPP), as announced to the ASX on 23 June 2025. Following the EGM approval, the Company completed the following equity issuances:

Tranche 2 Placement: On 13 August 2025, the Company completed the issuance of the Tranche 2 Placement, resulting in the issue of 71,711,093 new fully paid ordinary shares at \$0.09 per share, raising approximately \$6.45 million (before costs).

Share Purchase Plan (SPP): On 13 August 2025, the Company completed the issuance of the SPP, where it raised an additional \$2.0 million through the fully underwritten SPP, under the SPP 22,222,168 new fully paid ordinary shares were issued at \$0.09 per share. The SPP participants also received one unlisted attaching option for every two new shares subscribed, resulting in the issuance of 11,111,111 attaching options exercisable at \$0.14 within two years from the date of issue.

Options: On 13 August 2025, 69,444,384 options were issued at an exercise price of \$0.14 for Tranche 1 and Tranche 2 participants who received one unlisted attaching option for every two new shares subscribed, expiring within 2 years from the date of issue. A further 46,296,296 unlisted options were issued to Sonic Healthcare Limited at an exercise price of \$0.09 expiring within 17 months from the date of issue.

As a result of these transactions, the Group's cash position has been significantly strengthened, providing additional working capital to accelerate product development, clinical adoption, and commercial growth initiatives as outlined in the capital raising announcement.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments

Over the next 12 months, Microba's primary focus will be on globally expanding the clinical adoption of its world leading diagnostic microbiome testing products, supplements and services. This expansion will occur both directly and in collaboration with our world leading distribution partners.

Further information on the likely developments of the Group is set out in the review of operations and activities on pages 22 and 23 of this Annual Report.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors, Chief Executive Officer and Company Secretaries

Name:	Pasquale Rombola
Title:	Chair & Non-Executive Director
Experience and expertise:	Mr Rombola has over 30 years' corporate and financial experience in Australia, Asia and the United Kingdom. He spent 19 years in senior positions with Morgan Stanley and Deutsche Bank, including 7 years in the role of Managing Director. Mr Rombola is the Chair of Advantage Agriculture Pty Ltd, a private agribusiness company. He was also formerly the Chair and Director of Helix Resources Limited (ASX: HLX) and Non-Executive Director of Audeara Limited, a leading hearing health company (ASX: AUA).
Other current directorships:	Mr Rombola holds a Bachelor of Economics from the University of Western Australia. None
Former directorships:	Audeara Limited (ASX:AUA) - appointed 31 March 2021, resigned 28 August 2023
Subcommittees:	Member - Audit and Risk Committee Member - Nomination and Remuneration Committee
Interests in shares:	6,570,000 ordinary shares
Interests in options:	300,000 options over ordinary shares

Name:
Title:
Experience and expertise:

Ian Frazer
Deputy Chair & Non-Executive Director

Emeritus Professor Frazer is a clinician scientist, trained as a clinical immunologist. He is an Emeritus Professor at the University of Queensland and is the former Chair of the Australian Medical research Advisory Board (AMRAB) which advises the Minister for Health and Aged Care on prioritising spending from the Medical Research Future Fund (MRFF). He is recognised as co-inventor of the technology enabling Gardasil – the leading vaccine currently used worldwide to assist in the prevention of cervical cancer.

Emeritus Professor Frazer holds a Doctor of Medicine from the University of Melbourne and a Bachelor of Medicine, Bachelor of Surgery and Bachelor of Science (Hons) from the University of Edinburgh.

None
None
Chair - Audit and Risk Committee
2,668,235 ordinary shares
416,666 options over ordinary shares

Other current directorships:
Former directorships:
Subcommittees:
Interests in shares:
Interests in options:

Name:
Title:
Experience and expertise:

Gene Tyson
Non-Executive Director & Co-Founder

Professor Tyson is a Professor of Microbial Genomics at The Queensland University of Technology and is the Director of the Centre for Microbiome Research.

He published the first paper regarding the use of metagenomic-sequencing for assessing microbial communities. Professor Tyson is considered a world leading expert in microbial analysis with previous tenure at the University of California, Massachusetts Institute of Technology and the University of Queensland.

Professor Tyson holds a Bachelor of Science (Hons) from the University of Queensland and a PhD from the University of California, Berkeley.

None
None
Member - Nomination and Remuneration Committee
15,920,000 ordinary shares
0 options over ordinary shares

Other current directorships:
Former directorships:
Subcommittees:
Interests in shares:
Interests in options:

Name:
Title:
Experience and expertise:

Richard Bund
Non-Executive Director

Mr Bund is a Chartered Accountant and Director of Equipe Advisory accounting firm. Mr Bund has more than 25 years' experience in accounting and corporate finance and is a Director of several private Australian companies.

Mr Bund is a Member of Chartered Accountants Australia & New Zealand (CAANZ). He holds a Bachelor of Commerce (Accounting) from the University of Adelaide and a Graduate Diploma in Chartered Accounting from the Institute of Chartered Accountants Australia (ICAA).

None
None
Member - Audit and Risk Committee
Chair - Nomination and Remuneration Committee
33,480,799 ordinary shares
0 options over ordinary shares

Other current directorships:
Former directorships:
Subcommittees:
Interests in shares:
Interests in options:

Name:
Title:
Experience and expertise:

Hyungtae Kim
Non-Executive Director

Dr Hyungtae Kim is an internationally experienced leader in the genomics field, having held the positions of Chief Executive Officer of MacroGen, Inc., (MacroGen) from 2008 to 2014 and Chief Executive Officer of MacroGen Europe from 2015 to 2017. Dr Kim is the CEO of Hunomics and Director of the Gongwu Genome Information Foundation (GGIF). Dr Kim holds a PhD in Molecular Biology from The George Washington University.

Other current directorships:
Former directorships:
Subcommittees:
Interests in shares:

None
None
None
Dr Hyungtae Kim is a nominee Director of MacroGen, Inc.

Refer to the Shareholder Information included in this report for details of MacroGen Inc.'s shareholding.

Interests in options:

0 options over ordinary shares

Name:
Title:
Experience and expertise:

Jacqueline Fernley
Non-Executive Director

Mrs Fernley currently serves as the Chief Investment Officer (CIO) of Mason Stevens where she leads the asset management division of the firm. Prior to joining Mason Stevens, Mrs Fernley held roles as Head of Equities at J B Were Limited, Head of Research at Wilson HTM and Australian Equity Portfolio Manager at Colonial First State Global Asset Management. Mrs Fernley has a Bachelor's Degree in Commerce/Law, is a holder of the Chartered Financial Analyst (CFA) designation, is a member of Chief Executive Women (CEW), and is a graduate of the Australian Institute of Company Directors (GAICD).

Mrs Fernley is also intimately involved in mentoring and supporting women in the financial services industry and ESG, regularly presenting to investment committees, boards, and management on the topics. She currently sits on the diversity committee of the NSW CFA Society.

Other current directorships:
Former directorships:
Subcommittees:
Interests in shares:
Interests in options:

None
None
Member - Nomination and Remuneration Committee
0 ordinary shares
200,000 options over ordinary shares

Name:
Title:
Experience and expertise:

Luke Reid
Chief Executive Officer

Dr Reid is an experienced research and technology commercialisation executive. His deep knowledge of the biotechnology sector has underpinned Microba's growth into a global biotechnology company delivering on its mission to improve human health with precision microbiome science. Dr Reid's expertise in translational research, technology commercialisation, commercial partnerships, licensing and intellectual property management uniquely places him to lead Microba as Chief Executive Officer.

Previously, Dr Reid was Associate Director at UniQuest Pty Ltd, one of the global leaders in commercialisation of university technology. Prior to UniQuest, Dr Reid held roles working with the world's leading developer of advanced plant genetics, DuPont Pioneer, and the world leader in bioinnovation of enzymes, proteins and microorganisms, Novozymes.

Dr Reid holds a PHD in Molecular Biology from The University of Adelaide and a Bachelor of Science (Biotechnology (Hons)) from Flinders University.

Microba Life Sciences Limited
Directors' report
30 June 2025

Name: James Heath
Title: Chief Financial Officer & Company Secretary
Experience and expertise: Mr Heath is a Chartered Accountant with over 13 years' experience in accounting, finance and operations across a broad range of industries. Prior to joining Microba, he was a management consultant and auditor at Deloitte Australia.

Mr Heath is a member of Chartered Accountants Australia and New Zealand, holding a Graduate Diploma in Chartered Accounting. He also holds a Bachelor of Business Management and a Bachelor of Commerce (Accounting) from the University of Queensland.

Name: Peter Webse (resigned 31 August 2024)
Title: Joint Company Secretary
Experience and expertise: Mr Webse is a Director of Governance Corporate Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. He is a Fellow of the Governance Institute of Australia (FGIA), a Fellow of the Chartered Governance Institute (GCI), a Fellow of CPA Australia (FCPA) and has a Bachelor of Business (Accounting and Finance) from Edith Cowan University.

Mr Webse has over 30 years of ASX listed company secretarial experience.

'Other current directorships' and 'former directorships' quoted above are directorships for ASX listed entities only and excludes directorships of all other types of entities, unless otherwise stated. 'Former directorships' shown above are directorships held within the last 3 years only.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Pasquale Rombola	9	9	3	3	2	2
Ian Frazer	9	9	-	-	2	2
Gene Tyson	8	9	3	3	-	-
Richard Bund	8	9	3	3	2	2
Hyungtae Kim	9	9	-	-	-	-
Jacqueline Fernley	8	9	3	3	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Microba Life Sciences Limited
Directors' report
30 June 2025

Options

Options over unissued ordinary shares granted by Microba Life Sciences Limited during or since the end of the financial year were as follows:

Shares under option

Unissued ordinary shares of Microba Life Sciences Limited under option at the date of this report are as follows:

Date options granted	Number of options	Exercise price of options	Expiry date of the options
01/04/2021	3,066,666	\$0.324	04/04/2026
28/07/2023	6,145,000	\$0.453	28/07/2027
28/07/2023	4,000,000	\$0.638	28/07/2027
28/12/2023	200,000	\$0.271	28/01/2027
10/02/2025	13,438,075	\$0.379	10/02/2029
13/08/2025	46,296,296*	\$0.090	13/01/2027
13/08/2025	80,555,423	\$0.140	13/08/2027
	153,701,460		

*46,296,296 options issued to Sonic Healthcare as part of the June 2025 capital raise. The number of options to be issued will be determined by dividing the AUD equivalent of \$4.16m AUD by the greater of:

- 90% of the 30-day VWAP prior to exercise; and
- \$0.09 per share.

For every four shares issued under the execution of this option, Sonic Healthcare will also receive one attaching option exercisable at a 20% premium to the exercise price, with a 36-month expiry.

Included in these options were options granted as remuneration to the directors and the five most highly remunerated officers during the year. Details of options granted to key management personnel are disclosed on pages 37 and 38 as part of the remuneration report. In addition, the following options were granted to officers who are among the five highest remunerated officers of the Group, but are not key management persons and hence not disclosed in the remuneration report:

Name of officer	Date options granted	Exercise Price	Number of options granted
Eric Davis	10/02/2025	\$0.379	2,000,000
David Wood	10/02/2025	\$0.379	826,076

No option holder has any right under the options to participate in any other share issue of the Group.

Shares issued on the exercise of options

There were no ordinary shares of Microba Life Sciences Limited issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Indemnification of Directors, officers and key management personnel

The Group has indemnified the Directors, officers and key management personnel of the Group for costs incurred, in their capacity as a Director, officer or key management personnel, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors, officers and key management personnel of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Group.

Proceedings on behalf of the Group

No person has applied to the Court for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 34 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 34 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former Partners of Pitcher Partners

There are no officers of the Company who are former Partners of Pitcher Partners, the Group's auditor.

Rounding of amounts

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

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The Group's KMP for the financial year ended 30 June 2025 are listed in the table below:

Name	Title	Term	KMP Status
<i>Non-Executive Directors:</i>			
Pasquale Rombola	Chair & Non-Executive Director	Full Year	Current
Ian Frazer	Deputy Chair & Non-Executive Director	Full Year	Current
Gene Tyson	Non-Executive Director & Co-Founder	Full Year	Current
Richard Bund	Non-Executive Director	Full Year	Current
Hyungtae Kim	Non-Executive Director	Full Year	Current
Jacqueline Fernley	Non-Executive Director	Full Year	Current
<i>Other Key Management Personnel:</i>			
Luke Reid	Chief Executive Officer	Full Year	Current
James Heath	Chief Financial Officer & Company Secretary	Full Year	Current

The remuneration report is set out under the following main headings:

- Principles to determine the nature and amount of remuneration;
- Details of remuneration;
- Share-based compensation;
- Additional disclosures relating to key management personnel; and
- Service agreements.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. As the performance of the Group depends on the quality of its Directors and executives, the remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive, complementary to the reward strategy of the Group and is designed to align executive reward to shareholders' interests by:

- focusing on sustained growth in shareholder value, delivering increasing asset value and including focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder value; and
- providing a clear structure for earning rewards.

Non-executive Directors remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee.

The Chair and Deputy Chair's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 1 February 2023, where the shareholders approved a maximum annual aggregate remuneration of \$600,000.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long term incentive through Employee Share and Option Plan participation; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the milestones of the Group with the performance hurdles of executives. STI payments, which are generally paid in cash, are granted to executives based on specific annual targets and objectives and key results ('OKR's') being achieved. OKR's include the achievement of milestones for the business units, shareholder value creation, customer satisfaction and leadership contribution. During the year, the Nomination and Remuneration Committee specifically reviewed the STI program OKR's for each executive and allocated a weighting to those identified STI OKR's. Only if the specific STI OKR is met does it trigger that relevant proportion of the STI being unlocked for the Executive. STI's are adjusted for when business is acquired (e.g. Invivo Clinical) such that STI's are only payable on comparable baseline data. The long-term incentives ('LTI') include share-based payments.

The Board may approve the issue of securities (shares, performance rights or options) to staff and executives as a means of providing long term incentive for performance and loyalty. Any such securities are issued under the Microba Employee Share and Option Plan.

Securities are awarded to staff and executives over a minimum period of one year based on long-term incentive measures. These include increase in shareholders' value relative to the Group's direct peers. The Nomination and Remuneration Committee undertook a thorough review of the Microba LTI program during the year ended 30 June 2024. The Nomination and Remuneration Committee's primary objective with the LTI scheme is to align the interests of our executives with those of our shareholders. The design focus of the LTI scheme has been on incentivising the attainment of strategic goals, consequently creating shareholder value. The LTI scheme has been constructed based on share price targets, compound annual growth rates (CAGR) in group revenue (which as aforementioned, includes organic growth and not acquired growth), and the successful achievement of significant milestones within our therapeutic programs (Tx progress).

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables:

Microba Life Sciences Limited
Directors' report
30 June 2025

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Advisory fees	Cash bonus	Super-annuation	Long service leave	Equity-settled	Options	Total
2025	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Pasquale Rombola	95,000	-	-	-	-	-	11,701	106,701
Ian Frazer	85,000	-	-	-	-	-	11,701	96,701
Gene Tyson ¹	60,000	48,000	-	-	-	-	7,801	115,801
Richard Bund	70,000	-	-	-	-	-	7,801	77,801
Hyungtae Kim	50,000	-	-	-	-	-	7,801	57,801
Jacqueline Fernley	60,000	-	-	-	-	-	4,087	64,087
<i>Other Key Management Personnel:</i>								
Luke Reid	349,608	-	58,013	29,356	12,880	-	221,709	671,566
James Heath	274,967	-	49,725	28,394	9,152	-	45,154	407,392
	1,044,575	48,000	107,738	57,750	22,032	-	317,755	1,597,850

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Advisory fees	Cash bonus	Super-annuation	Long service leave	Equity-settled	Options	Total
2024	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Pasquale Rombola	85,833	-	-	-	-	-	24,024	109,857
Ian Frazer	80,417	-	-	-	-	-	24,024	104,441
Gene Tyson ¹	55,417	48,000	-	-	-	-	16,016	119,433
Richard Bund	60,833	-	-	-	-	-	16,016	76,849
Hyungtae Kim	50,000	-	-	-	-	-	16,016	66,016
Jacqueline Fernley	51,801	-	-	-	-	-	6,827	58,628
<i>Other Key Management Personnel:</i>								
Luke Reid	309,649	-	30,250	27,500	7,046	-	192,250	566,695
James Heath	235,680	-	24,800	27,067	6,631	-	36,230	330,408
	929,630	48,000	55,050	54,567	13,677	-	331,403	1,432,327

¹Professor Gene Tyson, in addition to his role as a Non-Executive Director, was separately engaged under an independent contractor agreement to provide scientific advisory services one day per week. Fees are disclosed as Advisory fees in the above table.

Microba Life Sciences Limited
Directors' report
30 June 2025

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	2025	2024	2025	2024
Non-Executive Directors:						
Pasquale Rombola	89%	78%	-	-	11%	22%
ian Frazer	88%	77%	-	-	12%	23%
Gene Tyson	93%	87%	-	-	7%	13%
Richard Bund	90%	79%	-	-	10%	21%
Hyungtae Kim	87%	76%	-	-	13%	24%
Jacqueline Fernley	94%	88%	-	-	6%	12%
Other Key Management Personnel:						
Luke Reid	58%	62%	9%	4%	33%	34%
James Heath	77%	84%	12%	5%	11%	11%

The proportion of the STI paid/payable and forfeited is as follows:

Name	STI paid/payable		STI forfeited	
	2025	2024	2025	2024
Other Key Management Personnel:				
Luke Reid	55%	60%	45%	40%
James Heath	55%	62%	45%	38%

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2025.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted		Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
		Grant date				
Luke Reid	1,331,521	10/02/2025	10/02/2028 - 10/02/2028	10/02/2029	\$0.379	\$0.134
James Heath	1,027,173	10/02/2025	10/02/2028 - 10/02/2028	10/02/2029	\$0.379	\$0.134

Options granted carry no dividend or voting rights.

The performance conditions and their relative weighting attached to vesting of options granted to KMP as in the table above are detailed as below:

KMP	Nil Performance	Revenue Growth
	%	%
Luke Reid	50%	50%
James Heath	50%	50%

All options granted are tied to tenure and are forfeit on termination if unvested at termination date.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Pasquale Rombola	5,770,000	-	200,000	-	5,970,000
Ian Frazer	1,634,902	-	200,000	-	1,834,902
Gene Tyson	17,100,000	-	-	(1,180,000)	15,920,000
Richard Bund	33,480,799	-	-	-	33,480,799
Luke Reid	511,217	-	-	-	511,217
James Heath	527,513	-	4,444	-	531,957
	59,024,431	-	404,444	(1,180,000)	58,248,875

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Pasquale Rombola	300,000	-	-	(300,000)	-
Ian Frazer	300,000	-	-	(300,000)	-
Gene Tyson	200,000	-	-	(200,000)	-
Richard Bund	200,000	-	-	(200,000)	-
Hyungtae Kim	200,000	-	-	(200,000)	-
Jacqueline Fernley	200,000	-	-	-	200,000
Luke Reid	5,025,000	1,331,521	-	(800,000)	5,556,521
James Heath	1,435,000	1,027,173	-	(800,000)	1,662,173
	7,860,000	2,358,694	-	(2,800,000)	7,418,694

The opening option holding balance does not include options held by Caroline Popper who resigned from the position of non executive Director on 14 June 2023.

The number of shares vested and exercisable, unvested and not exercisable and the balance of all vested options at the end of the year for all KMP are disclosed as below:

	Vested and exercisable	Unvested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Jacqueline Fernley	67,000	133,000	200,000
Luke Reid	225,000	5,331,521	5,556,521
James Heath	150,000	1,512,173	1,662,173
	442,000	6,976,694	7,418,694

No loans have been provided to key management personnel or their related parties.

Microba Life Sciences Limited
Directors' report
30 June 2025

Additional information

The earnings of the Group for the four years to 30 June 2025 are summarised below:

	2025 \$	2024 \$	2023 \$	2022 \$
Sales revenue	15,669,089	12,090,055	5,420,136	4,688,645
Loss after income tax	(14,939,471)	(19,938,485)	(12,680,212)	(11,470,429)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2025	2024	2023	2022
Share price at financial year end (\$)	0.09	0.16	0.30	0.20
Basic earnings per share (cents per share)	(3.33)	(4.86)	(4.03)	(5.14)
Diluted earnings per share (cents per share)	(3.33)	(4.86)	(4.03)	(5.14)

The Group listed on the ASX on 5 April 2022. As such, information relating to the earnings of the Group is shown for only the period for which the Group has been listed.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Dr Luke Reid
Title: Chief Executive Officer
Agreement commenced: 5 April 2022
Term of agreement: Ongoing
Details: Base Salary: \$350,000 per annum
Performance Based Incentive: \$105,000 per annum
Superannuation: 11.5%, increasing to 12% on 1 July 2025
Termination Notice: 12 weeks

Name: James Heath
Title: Chief Financial Officer & Company Secretary
Agreement commenced: 5 April 2022
Term of agreement: Ongoing
Details: Base Salary: \$270,000 per annum
Performance Based Incentive: \$90,000 per annum
Superannuation: 11.5%, increasing to 12% on 1 July 2025
Termination Notice: 12 weeks

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

This concludes the remuneration report, which has been audited.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Microba Life Sciences Limited
Directors' report
30 June 2025

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Pasquale Rombola
Director

26 August 2025
Brisbane

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

+61 7 3222 8444

pitcher.com.au

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

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2025, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

Pitcher Partners
PITCHER PARTNERS


DANIEL COLWELL
Partner

Brisbane, Queensland
26 August 2025

For personal use only

04

Financial Statements

Microba Life Sciences Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue			
Revenue from contracts with customers	4	15,669,089	12,090,055
Cost of sales		<u>(8,227,712)</u>	<u>(6,184,628)</u>
Gross profit		7,441,377	5,905,427
Grant and subsidies income	5	2,830,877	5,766,208
Interest income		583,355	1,004,728
Other income		95,658	51,543
Fair value gain on reversal of contingent consideration	23	4,469,548	-
Foreign currency gain	6	1,759,767	99,864
Expenses			
Employee benefits and other related costs	8	(16,485,564)	(11,617,355)
Research and development expense		(2,008,294)	(10,836,162)
Depreciation and amortisation expense	9	(4,431,174)	(2,870,274)
Consulting fees		(3,422,569)	(2,253,722)
Marketing and advertising expense		(662,292)	(786,345)
Travel expenses		(465,813)	(561,363)
Legal and intellectual property advisory fees		(200,236)	(733,090)
Finance costs	10	(176,687)	(69,221)
Subscriptions and information technology expenses		(1,279,502)	(896,414)
Other expenses		<u>(3,094,516)</u>	<u>(2,193,613)</u>
Total expenses		(32,226,647)	(32,817,559)
Loss before income tax benefit		(15,046,065)	(19,989,789)
Income tax benefit	7	<u>106,594</u>	<u>51,304</u>
Loss after income tax benefit for the year attributable to the owners of Microba Life Sciences Limited		(14,939,471)	(19,938,485)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(258,680)</u>	<u>(100,481)</u>
Other comprehensive loss for the year, net of tax		(258,680)	(100,481)
Total comprehensive loss for the year attributable to the owners of Microba Life Sciences Limited		(15,198,151)	(20,038,966)
		Cents	Cents
Basic earnings per share	36	(3.33)	(4.86)
Diluted earnings per share	36	(3.33)	(4.86)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Microba Life Sciences Limited
Consolidated statement of financial position
As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	11	11,740,910	20,889,451
Receivables	12	4,109,379	8,102,722
Inventories	13	1,937,851	2,243,560
Financial assets	14	138,644	204,436
Other assets	15	1,074,551	809,722
Total current assets		19,001,335	32,249,891
Non-current assets			
Property, plant and equipment	16	2,018,149	2,878,281
Right-of-use assets	17	1,854,825	1,032,237
Intangible assets ¹	18	24,562,817	22,524,040
Total non-current assets		28,435,791	26,434,558
Total assets		47,437,126	58,684,449
Liabilities			
Current liabilities			
Payables	19	5,520,863	5,877,959
Borrowings	20	746,496	395,387
Lease liabilities	21	982,428	810,134
Employee benefits	22	915,855	641,172
Contract liabilities	24	1,828,510	2,182,071
Income tax payable		13,471	5,886
Other liabilities	23	163,685	2,454,290
Total current liabilities		10,171,308	12,366,899
Non-current liabilities			
Borrowings	20	468,688	-
Lease liabilities	21	1,032,036	373,084
Deferred tax ¹	7	2,170,975	2,209,075
Employee benefits	22	117,453	225,649
Other liabilities	23	983,179	2,293,740
Total non-current liabilities		4,772,331	5,101,548
Total liabilities		14,943,639	17,468,447
Net assets		32,493,487	41,216,002
Equity			
Issued capital	25	108,542,970	102,881,628
Reserves	26	2,711,168	2,155,554
Accumulated losses		(78,760,651)	(63,821,180)
Total equity		32,493,487	41,216,002

The Group has updated the accounting for the acquisition of Invivo Clinical Limited, which was provisional at 30 June 2024. As a result, the Group has made a retrospective amendment to the comparative information presented during the measurement period, as required by the applicable accounting standard. Refer to note 7 and note 35 for reconciliations of the opening values of deferred tax liabilities and goodwill respectively.

Microba Life Sciences Limited
Consolidated statement of changes in equity
For the year ended 30 June 2025

	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	80,373,986	1,945,170	137,375	(43,882,695)	38,573,836
Loss after income tax benefit for the year	-	-	-	(19,938,485)	(19,938,485)
Other comprehensive loss for the year, net of tax	-	-	(100,481)	-	(100,481)
Total comprehensive loss for the year	-	-	(100,481)	(19,938,485)	(20,038,966)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 25)	18,739,374	-	-	-	18,739,374
Share-based payments (options) (note 27)	-	690,611	-	-	690,611
Shares issued upon exercise of options (note 25)	877,121	(517,121)	-	-	360,000
Shares issued for acquisition of subsidiaries (note 35)	2,891,147	-	-	-	2,891,147
Balance at 30 June 2024	102,881,628	2,118,660	36,894	(63,821,180)	41,216,002
	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	102,881,628	2,118,660	36,894	(63,821,180)	41,216,002
Loss after income tax benefit for the year	-	-	-	(14,939,471)	(14,939,471)
Other comprehensive loss for the year, net of tax	-	-	(258,680)	-	(258,680)
Total comprehensive loss for the year	-	-	(258,680)	(14,939,471)	(15,198,151)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 25)	5,661,342	-	-	-	5,661,342
Share-based payments (options) (note 27)	-	814,294	-	-	814,294
Balance at 30 June 2025	108,542,970	2,932,954	(221,786)	(78,760,651)	32,493,487

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

Microba Life Sciences Limited
Consolidated statement of cash flows
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers		16,953,130	12,477,741
Payments to suppliers and employees		(35,782,618)	(35,299,444)
		(18,829,488)	(22,821,703)
Other income		95,658	51,543
Interest received		583,355	1,004,728
Subsidies and grants received		6,314,651	6,299,048
Interest and other finance costs paid	10	(176,687)	(69,221)
Income taxes paid		-	(31,331)
Net cash used in operating activities	29	(12,012,511)	(15,566,936)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	35	-	(9,570,127)
Payments for property, plant and equipment	16	(326,386)	(1,487,327)
Payments for intangible assets	18	(2,572,984)	(2,891,726)
Proceeds from disposal of financial assets		65,792	-
Net cash used in investing activities		(2,833,578)	(13,949,180)
Cash flows from financing activities			
Proceeds from issue of shares	25	6,046,002	20,356,718
Repayment of borrowings		(887,472)	(434,335)
Principal portion of lease payments		(896,935)	(765,091)
Proceeds from borrowings		1,707,269	494,233
Share issue transaction costs	25	(384,660)	(1,257,344)
Net cash from financing activities		5,584,204	18,394,181
Net decrease in cash and cash equivalents		(9,261,885)	(11,121,935)
Cash and cash equivalents at the beginning of the financial year		20,889,451	32,043,874
Effects of exchange rate changes on cash and cash equivalents		113,344	(32,488)
Cash and cash equivalents at the end of the financial year	11	11,740,910	20,889,451

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 1. General information

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

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

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 August 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), International Financial Reporting Standards ('IFRS') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation to fair value of certain classes of assets and liabilities as described in the accounting policies.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Microba Life Sciences Limited ('Company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Microba Life Sciences Limited and its subsidiaries together are referred to in these financial statements as the 'Group' or 'Microba'.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Group and are derecognised from the date that control ceases.

Rounding of amounts

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

New or amended Accounting Standards and Interpretations not yet mandatory

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2024 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

New standards, amendments to standards and/or interpretations effective for reporting periods beginning on or after 1 July 2025 have not been early adopted in preparing these financial statements. None would have had a material effect on the consolidated financial statements.

Note 2. Material accounting policy information (continued)

Going concern

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

The Group incurred a loss from ordinary activities of \$14,939,471 during the year ended 30 June 2025 (2024: loss of \$19,938,485) and has a net cash outflow from operating activities and lease repayments of \$12,909,446 (2024 : \$16,332,027). The Group held cash and cash equivalents of \$11,740,910 at 30 June 2025 (2024: \$20,889,451).

During the financial year, the Company successfully completed Tranche 1 of a two-tranche capital raise, securing approximately \$6.05 million, which settled on 26 June 2025. Subsequent to year-end, Tranche 2 raised an additional \$6.45 million following strong demand and shareholder approval at a Special General Meeting held on 8 August 2025. Additionally, the Company successfully completed a Share Purchase Plan (SPP), which was oversubscribed, raising a further \$2 million. This robust investor support across both tranches and the oversubscribed SPP demonstrates the Company's ongoing ability to effectively access capital markets as required.

In considering the ability of the Group to continue as a going concern, the Directors considered the following matters:

- the Group has the ability to raise additional capital through the issue of equity and is well supported by its major, and high-quality shareholders;
- the Group has a successful history of revenue growth within its testing and supplements business, whilst strategically collaborating with high quality peers within the industry, opening up opportunities and demonstrating success not only locally, but internationally;
- the Group has a successful history of progressing its drug therapeutic development programs and has been successful in receiving R&D tax incentives under the R&D tax incentive scheme; and
- the Group has the ability to reduce expenditure levels should this be required in the foreseeable future.

Furthermore, the Group continues to adopt disciplined cash management practices to preserve and extend its available cash runway. Cash flow is monitored on a weekly basis, with forward projections prepared based on the timing of committed and planned expenditure. The Group has a history of prudent financial management, typically budgeting conservatively and incurring expenditure below budgeted levels. In addition, expenditure on marketing, sales, and promotional activities can be scaled back at short notice to align with operational priorities and cash flow requirements.

Having assessed the future cash flows for the 12 month period subsequent to this report, the Directors believe that the Group will continue to operate as a going concern for at least one year from the date of this report. Therefore, the Directors consider it is appropriate to prepare the financial statements on a going concern basis.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign subsidiaries are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the exchange rate on the date of the transactions or the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

The Group recognises revenue at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for fulfilling the performance obligation(s) agreed in the contract.

Note 2. Material accounting policy information (continued)

Microba recognises revenue from contracts with customers as follows:

Personal Testing & Supplements

Transferred at a point in time

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

In instances where a microbiome testing kit is sold to a distributor, Microba recognises revenue attributable to the sale of the kit at the time of delivery to the distributor.

Personal Testing

Transferred over time

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

Revenue is recorded at a value which reflects the relative stand-alone selling price of each distinct good or service, taking into consideration the transaction price of the contract, including variable consideration (if any).

Where contracted minimum order quantities exist, revenue is recorded over time in alignment with the consumption of goods and services by the customer. In the instance it becomes likely that the customer will not exercise their remaining right to the contracted goods and services, the remaining contracted revenue will be recognised in accordance with the pattern of rights exercised by the customer during the contract period to date, and the expected future exercise of rights.

Research Testing

Recognised over time

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

The stand-alone selling price for each distinct (service) component of a relevant contract is determined and revenue is recognised to the extent of the performance obligation discharged.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to the customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Group transfers the contracted goods and services to the customer.

Other Income

Interest

Interest income is recognised as interest accrues using the effective interest method.

Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Such periods will depend on whether costs are capitalised or expensed as incurred.

Grants relating to capitalised development costs are recognised in Other liabilities (deferred government grants) and are recognised over the period necessary to match the grant income with the amortisation of the capitalised development costs.

The Group's research and development (R&D) activities are eligible under an Australian Government tax incentive for rebate of research and development expenditure. The R&D Tax Incentives for the Group are recognised as Government Grant Income and are recognised when there is a reasonable expectation that the Group will be able to realise the benefit and when the amount can be reliably estimated.

Note 2. Material accounting policy information (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax consolidation

The parent entity and its Australian subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group. This means that:

- each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity; and
- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash under escrow has been recognised as Restricted Cash in the Consolidated Statement of Financial Position. Refer to note 11 for details.

Receivables

Receivables from contracts with customers are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 14-90 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value on a 'weighted average' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Material accounting policy information (continued)

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) using their respective allocated rates as follows:

Furniture, fixtures and fittings at cost	5%-20%
Computer equipment at cost	20%-50%
Laboratory equipment at cost	10%-25%

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brand

Brand acquired in a business combination is amortised on a straight-line basis over the period of its expected benefit, being its finite life of 15 years.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 15 years.

Technology

Technology acquired in a business combination is amortised on a straight-line basis over the period of its expected benefit as follows:

- Technology (Testing Kits) - 5 years
- Technology (Supplements) - 15 years

System development costs, product development costs and intellectual property

Costs incurred in developing Microba's proprietary platforms, products and intellectual property are capitalised when the Group can demonstrate all of the following:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

Capitalised development costs for systems and products, and intellectual property, are amortised over their estimated useful lives of 4 years on a straight-line, and 8 years on a diminishing value basis respectively, commencing from the time at which the costs are incurred. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

Note 2. Material accounting policy information (continued)

All carrying values of intangible assets are assessed for impairment annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired.

Subsequent to initial recognition, costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred. Development expenditure which does not meet the recognition requirements for intangible assets, as disclosed above, is recognised as an expense when incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired and liabilities assumed in the acquiree and the fair value of the consideration transferred is recognised as goodwill.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalisation of system and product development costs and intellectual property

Intellectual property and development projects where knowledge and understanding gained from research and practical experience are directed towards developing new products, service offerings or processes, are recognised as intangible assets in the Consolidated Statement of Financial Position when they meet the criteria for capitalisation. Development costs may be capitalised if the Group can demonstrate the technical and commercial feasibility of completing the service offering, product or process, as well as the intention and ability to complete the development and use or sell the asset. It must also be probable that future economic benefits related to the asset will flow to the Group and the acquisition cost is able to be reliably measured.

The reported value includes all directly attributable costs, such as those for materials and services as well as compensation to employees. Individual assessment is made of major ongoing research and development projects to determine whether these criteria have been met. Assessment of these various projects is affected by significant judgement.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers

Determining the timing and amount of revenue recognition from complex contracts with customers requires management to exercise judgement in relation to the timing of the fulfilment of performance obligations and the allocation of the transaction price to those specific performance obligations.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of goodwill

The Group tests whether goodwill has been impaired on an annual basis. Management judgement is applied to identify the relevant cash generating unit (CGU). The recoverable amount of a CGU is determined based on value-in-use calculations, which require the use of assumptions and discounting of future cash flows. These assumptions are based on best estimates at the time of performing the valuation. Cash flow projections do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. Goodwill is monitored by management at the level of operating segments identified in note 37.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Research and Development ('R&D') Tax Incentive

The Group lodges annual returns to claim eligible expenditure under the R&D Tax Incentive scheme with the Australian Government. The application of the R&D provisions and the corresponding recognition in the balance sheet of the receivable and grant income in the profit or loss, requires a level of judgement and the maintenance of appropriate records to support amounts claimed.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets have been reversed due to the loss making position of the Group. At present, there are no deferred tax assets recognised owing to the ongoing losses incurred to date and uncertainty around the expectation of profits going forward.

Business combinations

The Group applies provisional accounting for any business combination. Any reassessment of the balances during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date are adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. At 30 June 2025, the business combination accounting for the acquisition of Invivo Clinical Limited is complete (note 35).

Contingent consideration

The contingent consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The calculation of the fair value of the liability is subject to certain key judgements around the probability of the achievement of mandated performance targets, discount rates and assumptions surrounding tenure. At each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss.

Impairment of goodwill

The Group tests whether goodwill has been impaired on an annual basis. Management judgement is applied to identify the relevant cash generating unit (CGU). The recoverable amount of a CGU is determined based on value-in-use calculations, which require the use of assumptions and discounting of future cash flows. These assumptions are based on best estimates at the time of performing the valuation. Cash flow projections do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. Goodwill is monitored by management at the level of operating segments identified in note 37.

Note 4. Revenue from contracts with customers

	2025 \$	2024 \$
Personal testing and supplements - revenue recognised at a point in time	13,741,075	8,346,305
Personal testing - revenue recognised over time	547,866	1,115,512
Research testing - revenue recognised over time	1,380,148	2,628,238
	<u>15,669,089</u>	<u>12,090,055</u>

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 4. Revenue from contracts with customers (continued)

On 16 September 2024, the Group entered into an agreement for the strategic transfer of its non-core Research Testing Services business unit to CMBio (formerly Clinical Microbiomics A/S), a Denmark headquartered, global contract research organisation specialising in microbiome genetic and metabolic analysis to industry and academic institutions. The transfer of the Group's Research Testing Services business unit will allow it to allocate 100% of its testing operations and business development resources to the growth of its core diagnostic microbiome testing business.

Please refer to note 37 - operating segments for a geographical disaggregation of revenues.

Note 5. Grant and subsidies income

	2025	2024
	\$	\$
Research and Development Tax Incentive	2,506,277	5,758,649
Other grant and subsidies income	324,600	7,559
Grant and subsidies income	<u>2,830,877</u>	<u>5,766,208</u>

Note 6. Foreign Currency Gain

	2025	2024
	\$	\$
Realised currency gain	104,205	49,687
Unrealised currency gain	1,655,562	50,177
	<u>1,759,767</u>	<u>99,864</u>

Realised gains represent profits arising from transactions settled in cash or cash equivalents during the normal course of business operations.

Unrealised gains primarily reflect fair value adjustments resulting from the revaluation of intercompany loans denominated in foreign currencies. These loans have fixed repayment terms and are subject to monthly revaluations at fair value, with movements recognised directly through the profit or loss in accordance with IFRS 9 - Financial Instruments. The resulting unrealised gains remain subject to future fluctuation until settlement or maturity of the underlying financial instruments.

Note 7. Income tax

Components of tax expense

	2025	2024
	\$	\$
Current tax expense	17,258	5,886
Deferred tax expense	(256,611)	(57,190)
Under / (Over) provision in prior years	132,759	-
Income tax expense / (benefit)	<u>(106,594)</u>	<u>(51,304)</u>

Income tax reconciliation

	2025	2024
	\$	\$
Prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax on loss before tax at 25.00% (2024: 25.00%)	(3,761,516)	(4,997,447)

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 7. Income tax (continued)

Add tax effect of:

Share-based payments	203,574	172,653
Accounting expense subject to R&D Tax Incentive	1,760,704	3,444,420
R&D Tax Incentive revenue	(627,379)	(1,402,212)
Other	(343,248)	9,992
Fair value gain on reversal of contingent consideration	(1,117,387)	-
Under/(over) provision in prior years	132,759	-
Derecognition of current year tax losses and temporary differences	3,645,899	2,721,290
	3,654,922	4,946,143

Income tax expense / (benefit)	(106,594)	(51,304)
---------------------------------------	------------------	-----------------

Deferred tax

2025
\$

2024
\$

The balance comprises:

Deferred tax assets:

Employee benefits	258,327	216,705
Accruals and other liabilities	438,556	380,195
Lease liabilities	475,921	270,589
Provision for impairment loss	-	4,482
Section 40-880 blackhole expenditure	542,201	705,072
Intangible assets	578,745	-
Carried forward tax losses	12,603,171	9,041,532
	14,896,921	10,618,575

Deferred tax liabilities:

Intangible assets	(2,209,123)	(2,202,629)
Right of use assets	(460,140)	(254,823)
Property, plant and equipment	(63,999)	(108,415)
Prepayments	(220,213)	(189,263)
Unrealised foreign currency	(442,245)	(46,243)
	(3,395,720)	(2,801,373)

Net deferred tax asset before derecognition

Derecognition of deferred tax asset*	11,501,201	7,817,202
	(13,672,176)	(10,026,277)

Net deferred tax asset/(liability)¹

	(2,170,975)	(2,209,075)
--	--------------------	--------------------

**Tax losses and deductible temporary differences not recognised*

The Group has not recognised deferred tax balances due to the uncertainty of losses and future deductible temporary tax differences being recovered in future periods. Unused tax losses for which no deferred tax asset has been recognised is \$12,603,171 (2024: \$8,322,289).

Reconciliations

Reconciliation of the carrying value of the net deferred tax liability recognised in relation to intangible assets at the beginning of the current financial year is as set out below:

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 7. Income tax (continued)

	Net deferred tax asset/(liability) \$
Balance at 1 July 2024	(1,564,933)
Deferred tax liability recognised on technology assets (note 35)	(647,701)
Exchange differences	3,559
Balance at 1 July 2024 reassessed¹	<u>(2,209,075)</u>

¹ As set out in note 35, the Group has updated the accounting for the acquisition of Invivo Clinical Limited, which was provisional at 30 June 2024. As a result, the Group has made a retrospective amendment to the comparative information presented during the measurement period, as required by the applicable accounting standard.

Deferred income tax (revenue)/expense included in income tax expense comprises:

	2025 \$	2024 \$
Decrease / (increase) in deferred tax assets	(588,616)	5,355
(Decrease) / increase in deferred tax liabilities	332,005	(62,545)
	<u>(256,611)</u>	<u>(57,190)</u>

Deferred income tax related to items charged or credited directly to equity:

	2025 \$	2024 \$
Decrease / (increase) in deferred tax assets	(76,932)	-
(Decrease) / increase in deferred tax liabilities	295,442	-
	<u>218,510</u>	<u>-</u>

Note 8. Employee benefits and other related costs

	2025 \$	2024 \$
Short term benefits	12,549,902	9,302,691
Share-based payments	814,294	690,611
Superannuation guarantee contributions	1,359,875	821,705
Other employee benefits and related costs	1,761,493	802,348
	<u>16,485,564</u>	<u>11,617,355</u>

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 9. Depreciation and amortisation expense

	2025	2024
	\$	\$
Depreciation expense - property, plant and equipment	1,225,663	728,030
Depreciation expense - right of use assets	896,414	705,310
Amortisation expense - intangible assets	2,309,097	1,436,934
	<u>4,431,174</u>	<u>2,870,274</u>

Note 10. Finance costs

	2025	2024
	\$	\$
Interest expense - premium funding	12,972	15,705
Interest expense - equipment loan	90,717	-
Interest expense on lease liability	72,778	50,622
Other interest expense	220	2,894
	<u>176,687</u>	<u>69,221</u>

Note 11. Cash and cash equivalents

	2025	2024
	\$	\$
Cash at bank	8,025,910	16,674,451
Cash on deposit	2,715,000	4,215,000
Restricted cash	1,000,000	-
	<u>11,740,910</u>	<u>20,889,451</u>

A term deposit of \$1,000,000 was classified as restricted cash as stipulated under the funding agreement with Westpac Banking Corporation on 18 July 2024 which was established to purchase a "NovaseqX" sequencing machine, bringing significantly advanced sequencing technology to the Group. The term deposit will be held for the duration of the agreement (36 months). The term deposit rolls over every 3 months and is subject to an interest rate review on rollover. In the event the amount borrowed is repaid, or renegotiated prior to 30 January 2026 this cash will cease to be restricted (the restricted cash becomes unrestricted on 30 January 2026 as per the funding agreement).

Note 12. Receivables

	2025	2024
	\$	\$
Current assets		
Receivables from contracts with customers	458,520	1,549,003
Contract assets from contracts with customers	371,443	105,202
Research and development tax incentive receivable	3,066,681	5,993,291
Other receivables	212,735	473,155
Less: Allowance for expected credit losses	-	(17,929)
	<u>4,109,379</u>	<u>8,102,722</u>

The Group's exposure to credit and currency risk and expected credit losses related to receivables held are disclosed in note 28.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 12. Receivables (continued)

Reconciliation of the allowance for expected credit losses

	Allowance for expected credit losses \$
Balance at 1 July 2024	17,929
Recoveries	(477)
Write-offs	(17,452)
	<u> </u>
Balance at 30 June 2025	<u> </u> <u>-</u>

Note 13. Inventories

	2025 \$	2024 \$
<i>Current assets</i>		
Raw materials and consumables - at cost	1,166,866	1,290,758
Stock on hand - at cost	770,985	952,802
	<u> </u>	<u> </u>
	<u>1,937,851</u>	<u>2,243,560</u>

Note 14. Financial assets

	2025 \$	2024 \$
<i>Current assets</i>		
Cash on deposit	138,644	204,436
	<u> </u>	<u> </u>

Note 15. Other assets

	2025 \$	2024 \$
<i>Current assets</i>		
Prepayments	880,853	802,770
Other current assets (credit cards)	193,698	6,952
	<u> </u>	<u> </u>
	<u>1,074,551</u>	<u>809,722</u>

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 16. Property, plant and equipment

	2025 \$	2024 \$
<i>Non-current assets</i>		
Laboratory equipment at cost	6,286,397	6,127,249
Accumulated depreciation	(4,593,034)	(3,473,671)
	1,693,363	2,653,578
Furniture, fixtures and fittings at cost	180,923	147,561
Accumulated depreciation	(108,445)	(87,637)
	72,478	59,924
Computer equipment at cost	695,573	487,638
Accumulated depreciation	(443,265)	(322,859)
	252,308	164,779
Total property, plant and equipment	2,018,149	2,878,281

Reconciliations

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

	Laboratory equipment \$	Furniture, fixtures and fittings \$	Computer equipment \$	Total \$
Balance at 1 July 2023	1,809,849	36,933	80,773	1,927,555
Additions	1,371,129	6,783	109,415	1,487,327
Additions through business combinations (note 35)	127,735	27,155	38,522	193,412
Disposals	(2,852)	-	-	(2,852)
Exchange differences	1,597	(162)	(566)	869
Depreciation expense	(653,880)	(10,785)	(63,365)	(728,030)
Balance at 30 June 2024	2,653,578	59,924	164,779	2,878,281
Additions	116,199	23,872	186,315	326,386
Disposals	(1,843)	-	-	(1,843)
Exchange differences	28,097	2,952	9,939	40,988
Depreciation expense	(1,102,668)	(14,270)	(108,725)	(1,225,663)
Balance at 30 June 2025	1,693,363	72,478	252,308	2,018,149

Note 17. Right-of-use assets

	2025 \$	2024 \$
<i>Non-current assets</i>		
Buildings - right-of-use	4,383,441	2,882,817
Less: Accumulated depreciation	(2,572,922)	(1,905,278)
	1,810,519	977,539
Laboratory equipment - right-of-use	72,744	72,744
Less: Accumulated depreciation	(28,438)	(18,046)
	44,306	54,698
Total carrying amount of lease assets	1,854,825	1,032,237

Note 17. Right-of-use assets (continued)

Reconciliations

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

	Buildings \$	Laboratory Equipment \$	Total \$
Balance at 1 July 2023	588,237	65,090	653,327
Additions	381,863	-	381,863
Additions through business combinations (note 35)	704,641	-	704,641
Exchange differences	(2,284)	-	(2,284)
Depreciation expense	(694,918)	(10,392)	(705,310)
Balance at 30 June 2024	977,539	54,698	1,032,237
Additions	1,811,027	-	1,811,027
Disposals	(138,976)	-	(138,976)
Exchange differences	46,951	-	46,951
Depreciation expense	(886,022)	(10,392)	(896,414)
Balance at 30 June 2025	1,810,519	44,306	1,854,825

The Group leases office and laboratory spaces under separate lease agreements. These leases have a term of between 1 and 6 years, with CPI and/or fixed increases to be applied each year. On renewal, the terms of the relevant leases are renegotiated by the Group.

The Group also holds a lease over Laboratory Equipment with a 3 year term. The lease costs are fixed for the term of the agreement and ownership of the underlying assets will transfer to the Group at the conclusion of the lease.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 18. Intangible assets

	2025 \$	2024 \$
<i>Non-current assets</i>		
Goodwill ¹	10,019,053	9,094,222
Capitalised system development at cost	5,247,927	5,048,577
Accumulated amortisation	(2,912,497)	(2,011,230)
	2,335,430	3,037,347
Intellectual property at cost	775,799	617,768
Accumulated amortisation	(389,156)	(290,744)
	386,643	327,024
Customer relationships at fair value	2,290,113	2,078,719
Accumulated amortisation	(239,682)	(78,976)
	2,050,431	1,999,743
Technology at fair value	2,838,590	2,576,567
Accumulated amortisation	(573,089)	(188,836)
	2,265,501	2,387,731
Capitalised product development at cost	4,173,038	1,962,586
Accumulated amortisation	(1,035,247)	(544,601)
	3,137,791	1,417,985
Brand at fair value	4,878,555	4,428,229
Accumulated amortisation	(510,587)	(168,241)
	4,367,968	4,259,988
Total intangible assets	<u>24,562,817</u>	<u>22,524,040</u>

Reconciliations

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

	Goodwill \$
Balance as at 30 June 2024	8,450,080
Deferred tax liability recognised on technology assets (note 35)	647,701
Exchange differences	(3,559)
Balance at 1 July 2024 reassessed¹	<u>9,094,222</u>

¹ As set out in note 35, the Group has updated the accounting for the acquisition of Invivo Clinical Limited, which was provisional at 30 June 2024. As a result, the Group has made a retrospective amendment to the comparative information presented during the measurement period, as required by the applicable accounting standard.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 18. Intangible assets (continued)

	Goodwill \$	Capitalised system development \$	Intellectual property \$	Customer relationships \$	Technology \$	Capitalised product development \$	Brand \$	Total \$
Balance at 1 July 2023	-	1,214,480	185,848	-	-	1,446,762	-	2,847,090
Additions	-	2,257,580	200,173	-	-	433,973	-	2,891,726
Additions through business combinations (note 35)	9,140,908	40,517	-	2,090,203	2,590,803	-	4,452,695	18,315,126
Exchange differences	(46,686)	(170)	-	(10,747)	(12,471)	-	(22,894)	(92,968)
Amortisation expense	-	(475,060)	(58,997)	(79,713)	(190,601)	(462,750)	(169,813)	(1,436,934)
Balance at 30 June 2024	9,094,222	3,037,347	327,024	1,999,743	2,387,731	1,417,985	4,259,988	22,524,040
Additions	-	204,500	158,031	-	-	2,210,453	-	2,572,984
Exchange differences	924,831	3,385	-	197,435	228,648	-	420,591	1,774,890
Amortisation expense	-	(909,802)	(98,412)	(146,747)	(350,878)	(490,647)	(312,611)	(2,309,097)
Balance at 30 June 2025	10,019,053	2,335,430	386,643	2,050,431	2,265,501	3,137,791	4,367,968	24,562,817

Impairment test for goodwill

Goodwill is tested annually for impairment. At 30 June 2025, the Directors used a Value in Use (VIU) approach to assess the carrying value of goodwill. No impairment was recognised by the Group.

For impairment testing, the Group considers its previous business combination of Invivo Clinical, which resulted in goodwill upon acquisition, to be a synergistic opportunity for its testing and supplements operating segment. Therefore, the Group has allocated this goodwill upon acquisition entirely to the testing and supplements cash generating unit (CGU), which is also an operating and reportable segment.

The recoverable amount of the testing and supplements CGU has been determined based on a calculation using cash flow projections over a five-year period. Cash flows beyond the five-year forecast period are extrapolated using the estimated terminal growth rate.

Key assumptions used for value-in-use calculations

Note 18. Intangible assets (continued)

The key assumptions for the testing and supplements CGU supporting the disclosed recoverable value are as follows:

- Earnings before interest, tax, depreciation and amortisation (EBITDA) for year 1 is based on financial budgets approved by the board of directors;
- beyond the first year, EBITDA is expected to grow at a compound annual growth rate (CAGR) of 18.10% (2024: 6.8%) over the five year forecast. The revised projections incorporate increased test volumes and supplement sales, supported by growing clinical adoption in key markets. Management's assumptions are grounded in unit-level economics and reflect operational leverage as the CGU scales. Additionally, the business has a track record of strong revenue growth, and the current forecast reflects continued revenue expansion and improved contribution margins over time. Management has included appropriate allocations of certain previously "unallocated" corporate costs to the Testing & Supplements CGU. While these costs are treated as unallocated for segment reporting purposes, they are considered necessary to support the CGU's operations and therefore included in the VIU model. The basis of allocation was assessed on a line-item level and applied consistently across the forecast period, using a rational and supportable methodology based on expected benefit and functional support.
- a post tax discount rate of 15% (2024: 13.6%); and
- terminal growth rate of 3% (2024: 2%) at the end of the forecast period.

Both the EBITDA growth rate beyond 2025 and the terminal growth rate ranges are derived from management's best estimate of revenue and operating expenditure growth, taking into account changes in industry, customer market prospects, future product developments and technological innovation. Profit before income tax expense is then adjusted for amounts related to tax.

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money coupled with other risk factors. It is based on the Group's weighted average cost of capital.

Results of impairment testing and sensitivity to changes in assumptions

The VIU calculation indicates that the recoverable amount of the testing and supplements CGU is greater than the carrying value of the CGU, and therefore no impairment was recognised by the Group.

The following table sets out key parameters that need to change for there to be no headroom available when comparing the calculation of the estimated recoverable amount of the CGU against the carrying value of the CGU at 30 June 2025:

	2025 %	2024 %
Change required for carrying amount to equal recoverable amount		
Discount rate increase	6.7%	5.5%
Budgeted EBITDA growth rate decline	(86.7%)	(19.0%)
Revenue growth rate decline	(11.9%)	(53.0%)

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of testing and supplements CGU to exceed its recoverable amount.

Note 19. Payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade creditors	2,352,662	3,697,373
Employee payables and accruals	1,254,461	1,224,552
Sundry creditors and accruals	1,913,740	956,034
	5,520,863	5,877,959

Refer to note 28 for further information on financial risk management objectives and policies.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 20. Borrowings

	2025 \$	2024 \$
<i>Current liabilities</i>		
Equipment loan	428,338	-
Insurance premium funding	318,158	395,387
	746,496	395,387
<i>Non-current liabilities</i>		
Equipment loan	468,688	-
	1,215,184	395,387

Refer to note 28 for further information on financial risk management objectives and policies.

Equipment loan

A funding arrangement was entered into to finance the purchase of a state-of-the-art Illumina NovaSeqX Plus sequencing machine. The funding is secured against the machine. The balance originally drawn was \$1,298,209 on 30 July 2024. The funding arrangement is repayable over 36 equal monthly instalments, with a fixed interest rate of 8.52%. The funding agreement is secured against the asset and requires a term deposit of \$1,000,000 to be held as additional security (note 11).

Insurance premium funding

Insurance premium funding is utilised by the Group to evenly distribute annual insurance premiums owed over an 10 month period, as a liquidity management strategy. The balance owed in relation to the Group's insurance premium funding arrangement is shown above.

Note 21. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Lease liability	982,428	810,134
<i>Non-current liabilities</i>		
Lease liability	1,032,036	373,084
	2,014,464	1,183,218

The Group's lease liabilities include an immaterial amount relating to make good obligations on leased premises, which have been recognised in accordance with IAS 37. Due to the immateriality of these amounts, they have been classified within lease liabilities on the balance sheet.

	2025 \$	2024 \$
Cash outflow in relation to leases	969,712	815,713

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 22. Employee benefits

	2025 \$	2024 \$
<i>Current liabilities</i>		
Employee benefits	915,855	641,172
<i>Non-current liabilities</i>		
Employee benefits	117,453	225,649
	<u>1,033,308</u>	<u>866,821</u>

Note 23. Other liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Deferred Government Grants - R&D Tax Incentive	160,131	127,160
Novated lease liability	3,554	2,792
Contingent consideration payable	-	2,324,338
	<u>163,685</u>	<u>2,454,290</u>
<i>Non-current liabilities</i>		
Contingent consideration payable	-	1,834,754
Deferred Government Grants - R&D Tax Incentive	983,179	458,986
	<u>983,179</u>	<u>2,293,740</u>
	<u>1,146,864</u>	<u>4,748,030</u>

The contingent consideration payable is a pre-determined fixed sum that will be disbursed to the previous shareholders of Invivo Clinical Limited, comprising both cash and shares. This payment is contingent upon the attainment of specific revenue targets in both Year 1 and Year 2 of the company's operation post acquisition. The targets for Year 1 were missed on the anniversary date of the acquisition. An assessment of the Year 2 targets was undertaken and management were of the opinion that the targets for Year 2 will not be achieved. Owing to this an amount of \$4,469,548 has been credited to the statement of profit or loss and other comprehensive income at 30 June 2025.

Note 24. Contract liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Contracts with customers where services are transferred at a point in time	1,459,001	1,140,013
Contracts with customers where services are transferred over time	369,509	1,042,058
	<u>1,828,510</u>	<u>2,182,071</u>

Performance obligations related to the consideration received in advance are expected to be fulfilled within 12 months.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 24. Contract liabilities (continued)

	2025 \$	2024 \$
Reconciliation of contract liabilities:		
Opening balance	2,182,071	1,303,806
Acquisition via business combination	-	403,625
Revenue recognised during the year	(8,926,061)	(7,657,269)
Advance payments received	8,498,948	8,162,660
FX movement	73,552	(30,751)
Closing balance	<u>1,828,510</u>	<u>2,182,071</u>

Note 25. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	<u>515,029,773</u>	<u>447,851,977</u>	<u>108,542,970</u>	<u>102,881,628</u>

Movements in ordinary share capital

Details	Date	Shares	Issue Price	\$
Balance	1 July 2023	344,136,473		80,373,986
Exercise of options (cash)	19 October 2023	2,000,000	\$0.180	360,000
Exercise of options (net-settled)	19 October 2023	1,631,675	\$0.000	-
Transfer from share based payments expense to equity for options exercised	19 October 2023	-	\$0.000	517,121
Ordinary shares issued	30 October 2023	53,361,959	\$0.230	12,273,251
Ordinary shares issued	23 November 2023	33,580,292	\$0.230	7,723,467
Capital raising costs	23 November 2023	-	\$0.000	(1,257,344)
Shares issued for acquisition of subsidiaries (note 34)	6 December 2023	13,141,578	\$0.220	2,891,147
Balance	30 June 2024	447,851,977		102,881,628
Ordinary shares issued	27 June 2025	67,177,796	\$0.090	6,046,002
Capital raising costs	27 June 2025	-	\$0.000	(384,660)
Balance	30 June 2025	<u>515,029,773</u>		<u>108,542,970</u>

Exercise of options during the year

There were no options exercised during the financial year ended 30 June 2025.

Rights of each share type

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the numbers of shares held.

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

Share buy-back

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

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders, benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 25. Issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would consider raising capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

Note 26. Reserves

	2025 \$	2024 \$
Foreign currency translation reserve	(221,786)	36,894
Share-based payments reserve	2,932,954	2,118,660
	<u>2,711,168</u>	<u>2,155,554</u>

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

The share-based payments reserve is used to record the fair value of the shares or options issued to employees. Refer to note 27.

Note 27. Share-based payments

Equity-settled share-based payments

Employee option plan

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

Details of the options granted under the ESOP are provided below:

2025							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted during the period	Exercised during the period	Forfeited during the period	Balance at the end of the year
25/11/2019	24/11/2024	\$0.288	4,300,000	-	-	(4,300,000)	-
13/01/2020	24/11/2024	\$0.243	400,000	-	-	(400,000)	-
31/01/2020	24/11/2024	\$0.288	200,000	-	-	(200,000)	-
30/06/2020	29/06/2024	\$0.288	266,666	-	-	(266,666)	-
01/04/2021	04/04/2026	\$0.324	3,233,332	-	-	(166,666)	3,066,666
05/04/2022	05/05/2025	\$0.675	1,200,000	-	-	(1,200,000)	-
28/07/2023	28/07/2027	\$0.453	6,145,000	-	-	-	6,145,000
28/07/2023	28/07/2027	\$0.638	4,000,000	-	-	-	4,000,000
28/12/2023	28/01/2027	\$0.271	200,000	-	-	-	200,000
10/02/2025	10/02/2029	\$0.379	-	13,438,075	-	-	13,438,075
			<u>19,944,998</u>	<u>13,438,075</u>	<u>-</u>	<u>(6,533,332)</u>	<u>26,849,741</u>

Note 27. Share-based payments (continued)

2024

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted during the period	Exercised during the period	Forfeited during the period	Balance at the end of the year
15/10/2018	15/10/2023	\$0.180	4,400,000	-	(4,400,000)	-	-
15/02/2019	15/10/2023	\$0.180	400,000	-	(400,000)	-	-
01/03/2019	15/10/2023	\$0.180	75,000	-	(75,000)	-	-
05/04/2019	15/10/2023	\$0.180	400,000	-	(400,000)	-	-
25/11/2019	24/11/2024	\$0.288	5,100,000	-	-	(800,000)	4,300,000
13/01/2020	24/11/2024	\$0.243	400,000	-	-	-	400,000
31/01/2020	24/11/2024	\$0.288	200,000	-	-	-	200,000
30/06/2020	29/06/2024	\$0.288	266,666	-	-	-	266,666
01/04/2021	04/04/2026	\$0.324	3,316,666	-	-	(83,334)	3,233,332
05/04/2022	05/05/2025	\$0.675	1,200,000	-	-	-	1,200,000
28/07/2023	28/07/2027	\$0.453	-	6,605,000	-	(460,000)	6,145,000
28/07/2023	28/07/2027	\$0.638	-	4,000,000	-	-	4,000,000
28/12/2023	28/01/2027	\$0.271	-	200,000	-	-	200,000
			15,758,332	10,805,000	(5,275,000)	(1,343,334)	19,944,998

Options granted to Directors and Employees under the ESOP are dependent upon the achievement of share price targets, CAGR in group revenue, and the successful achievement of significant milestones within therapeutic programs coupled with continuous service to the Company, and are equity-settled once exercised. The average remaining contractual life of options outstanding at period end is 2.70 years (2024: 2.05 years).

	Number of options 2025	Weighted average exercise price 2025	Number of options 2024	Weighted average exercise price 2024
Outstanding at the beginning of the financial year	19,944,998	\$0.437	15,758,332	\$0.295
Granted	13,438,075	\$0.379	10,805,000	\$0.518
Forfeited	(6,533,332)	\$0.355	(1,343,334)	\$0.346
Exercised	-	\$0.000	(5,275,000)	\$0.180
Outstanding at the end of the financial year	26,849,741	\$0.428	19,944,998	\$0.437
Exercisable at the end of the financial year	3,433,666	\$0.334	8,399,986	\$0.389

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

2025

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/02/2025	10/02/2029	\$0.300	\$0.379	63.00%	-	3.78%	\$0.130

2024

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

Note 27. Share-based payments (continued)

The expected volatility used in the Black-Scholes option pricing model was determined primarily based on historical share price volatility of the Company and comparable peer companies. Given the limited trading history of Microba Life Sciences Limited, a group of comparable ASX-listed biotechnology and life sciences companies was selected to establish a reasonable volatility estimate. Historical volatility was calculated over a 4-year period ending 5 February 2025 using weekly price intervals. The resulting average equity volatility across the peer group over this period was 63% (prior year 75% and 65% respectively), which was assessed to be reflective of expected future volatility and was adopted for the purpose of the valuation.

Expenses recognised from share-based payment transactions

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

	2025	2024
	\$	\$
Options issued under ESOP	814,294	690,611
Total expenses recognised from share-based payment transactions	814,294	690,611

Note 28. Financial risk management objectives and policies

Financial risk management objectives

The Group has various financial instruments such as cash and cash equivalents, cash on deposit, trade receivables, trade payables, borrowings, lease liabilities, and contingent consideration payable which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk (interest rate risk & foreign currency risk), credit risk, and liquidity risk. The Group's key management personnel oversee the management of these risks. The objective of the management of these risks is to support the delivery of the Group's financial targets while protecting future financial security.

The Group uses different methods to measure and manage different types of risks to which it is exposed, as outlined below.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

To protect against exchange rate movements, the Group monitors levels of foreign currency exposure and holds funds in foreign currencies to cover highly probable forecasted foreign currency cashflows occurring within the next six months.

Note 28. Financial risk management objectives and policies (continued)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2025	2024	2025	2024
	\$	\$	\$	\$
US dollars	101,775	726,584	95,514	54,396
Swiss francs	-	14,888	5,882	-
Euros	134,187	643,000	-	19,358
Canadian dollars	-	-	-	6,706
Pound Sterling	1,196,922	651,741	1,283,199	2,917
Swedish Krona	-	-	720,000	-
	1,432,884	2,036,213	2,104,595	83,377

Based on this exposure, had the Australian dollar strengthened or weakened by 10% against these foreign currencies, the impact on the loss on the Group would have been an increase/decrease of \$24,064 (2024: \$325,827) and a corresponding increase/decrease in equity of the same amount.

Interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents with floating interest rates. The Group's deposit accounts are subject to fixed interest rates, repricing periodically. The Group's transactional bank accounts are predominantly non-interest bearing.

As at the reporting date, the Group had the following cash balances subject to interest income:

	2025		2024	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents - interest bearing	3.99%	7,363,212	4.75%	13,883,892
Cash on deposit	4.06%	2,715,000	4.72%	4,215,000
Restricted cash	2.90%	1,000,000	-	-
Exposure to interest rate risk on cash deposits		11,078,212		18,098,892

The premium funding facility and equipment finance loan held and drawn down by the Group is at a fixed interest rate of 2.57% (2024: 2.69%) and 8.52% (2024: N/A) for a term of 10 months and three years respectively. Owing to the nature and duration of the borrowing, the Group does not consider the interest rate risk arising from the arrangement to be material. The drawn amounts are expected to be repaid within the term and re-draw is subject to managements discretion.

Refer to note 20 for additional disclosure relating to the Group's borrowings.

Due to the nature of the Group's interest exposure and the current market interest rates, a reasonable increase or decrease in the interest rate of 0.5% to 1.0% would not result in a significant increase/decrease in the net loss and equity position of the Group. Interest income earned on the Group's cash deposits was \$583,355 (2024: \$1,004,728) and interest expense was \$176,687 (2024: \$69,221).

Management considers the interest rate risk to which the Group is exposed to be minimal and as such, does not enter into interest rate swaps or other derivatives relating to interest rate exposure.

Note 28. Financial risk management objectives and policies (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Regular monitoring of receivables is undertaken to ensure that the credit exposure remains within the Group's normal terms of trade. Trade receivables will generally be written off when there is no reasonable expectation of recovery, based on management's assessment.

The Group holds cash in current and savings accounts with various large and reputable financial institutions in Australia, USA and Europe. The credit risk associated with these counterparties is considered negligible as these counterparties are reputable banks with high quality external credit ratings.

The Parent has a policy of lending to its wholly owned subsidiaries, ensuring their continued operations, as required.

Allowance for expected credit losses

Management has determined that there is no expected credit loss amount that was required to be taken up during the financial year (2024: \$17,929).

The ageing of the receivables held by the Group are as follows:

	2025 \$	2024 \$
Not overdue	4,020,558	7,543,300
0 to 3 months overdue	88,820	559,422
	<u>4,109,378</u>	<u>8,102,722</u>

Historically, the Group has not recognised any bad or doubtful debts in relation to receivables from contracts with customers. Therefore, expected credit loss at balance date is minimal.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows.

Note 28. Financial risk management objectives and policies (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the earliest date on which the financial liabilities are required to be paid. The tables include the total financial liability, consistent with the statement of financial position.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	5,520,863	-	-	-	5,520,863
<i>Interest-bearing - fixed rate</i>					
Borrowings	746,496	468,688	-	-	1,215,184
Lease liability	982,428	635,082	396,955	-	2,014,465
Total non-derivatives	7,249,787	1,103,770	396,955	-	8,750,512
	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	5,877,959	-	-	-	5,877,959
Contingent consideration payable	2,324,338	1,834,754	-	-	4,159,092
<i>Interest-bearing - fixed rate</i>					
Hire purchase	395,387	-	-	-	395,387
Lease liability	810,134	158,816	214,268	-	1,183,218
Total non-derivatives	9,407,818	1,993,570	214,268	-	11,615,656

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	\$	\$
Loss after income tax (expense)/benefit for the year	<u>(14,939,471)</u>	<u>(19,938,485)</u>
Adjustments for:		
Depreciation and amortisation (non-cash)	4,431,174	2,870,274
Share-based payments (non-cash)	814,294	690,611
Loss on disposal of property, plant & equipment (non-cash)	1,843	2,852
(Unwinding)/Net capitalisation of capital portion of grants and subsidies received (non-cash)	557,164	(84,416)
Foreign currency gain (non-cash)	(1,759,767)	(99,864)
Fair value gain on reversal of contingent consideration	(4,469,548)	-
	<u>(424,840)</u>	<u>3,379,457</u>
(Increase) / decrease in debtors and other receivables	3,993,344	(10,200)
Increase in inventories	(264,829)	(310,569)
Decrease in prepayments	305,709	679,750
Increase in payables	(246,324)	208,531
Increase / (decrease) in contract liabilities	(353,561)	474,640
Increase in income tax payable	7,585	467
Increase in employee benefits	166,487	48,860
Decrease in deferred taxes	(256,611)	(83,102)
Decrease in other operating liabilities	-	(16,285)
	<u>3,351,800</u>	<u>992,092</u>
	<u><u>(12,012,511)</u></u>	<u><u>(15,566,936)</u></u>

Note 30. Non-cash investing and financing activities

	2025 \$	2024 \$
Additions to the right-of-use assets / lease liabilities	1,811,027	381,863
Shares issued in relation to business combinations	-	2,891,147
Shares issued on the exercise of options under ESOP	-	517,121
	<u>1,811,027</u>	<u>3,790,131</u>

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 31. Changes in liabilities arising from financing activities

	Insurance Premium Funding \$	Equipment Loan \$	Lease Liability \$	Total \$
Balance at 1 July 2023	335,489	-	777,066	1,112,555
Net cash used in financing activities	(450,041)	-	(815,713)	(1,265,754)
Loans received	494,234	-	-	494,234
Acquisition of plant and equipment by means of leases	-	-	381,863	381,863
Acquisition of plant and equipment by means of business combinations (note 35)	-	-	792,330	792,330
Interest expense	15,705	-	50,622	66,327
Exchange differences	-	-	(2,950)	(2,950)
Balance at 30 June 2024	395,387	-	1,183,218	1,578,605
Net cash used in financing activities	(499,261)	(491,900)	(969,717)	(1,960,878)
Loans received	409,060	1,298,209	-	1,707,269
Acquisition of plant and equipment by means of leases	-	-	1,811,027	1,811,027
Interest expense	12,972	90,717	72,778	176,467
Exchange differences	-	-	56,134	56,134
Disposals of lease liabilities	-	-	(138,976)	(138,976)
Balance at 30 June 2025	318,158	897,026	2,014,464	3,229,648

Note 32. Key management personnel disclosures

Key management personnel include the Chief Executive Officer, Chief Financial Officer and the Directors of the Group, who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2025 \$	2024 \$
Short-term employee benefits	1,200,313	1,032,680
Post-employment benefits	57,750	54,567
Long-term benefits	22,032	13,677
Share-based payments	317,755	331,403
	1,597,850	1,432,327

Additional detail relating the compensation of key management personnel and Directors is included in the accompanying Directors' Report.

Note 33. Related party transactions

Parent entity

Microba Life Sciences Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 39.

Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the Directors' report.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 33. Related party transactions (continued)

Transactions with related parties

There were no transactions with related parties during the current and previous financial year, other than key management personnel remuneration as disclosed in note 32.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 34. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Group, and its network firms:

	2025	2024
	\$	\$
<i>Audit services - Pitcher Partners</i>		
Audit or review of the financial statements	123,000	131,314
<i>Other services - Pitcher Partners</i>		
Taxation services	50,090	31,680
Other fees	938	2,381
	51,028	34,061
	174,028	165,375
<i>Other services - network firms</i>		
Taxation services	48,849	36,751
Audit Fees	94,617	135,852
Consulting fees - due diligence services	-	163,132
	143,466	335,735
	143,466	335,735

Note 35. Business combinations

On 5 December 2023, the Company acquired 100% of the issued share capital in UK registered Invivo Clinical Limited (Invivo) for a purchase price of \$17,536,046. Invivo is a microbiome testing leader for healthcare professionals in the United Kingdom. Invivo has established a base of over 1,700 active customers, and an engaged list of additional 5,800 prospective customers. In addition to its leading position in Gastrointestinal microbiome testing services, Invivo has testing products spanning Vaginal, Oral and Urinary testing, together with a targeted set of evidence-based intervention formulations.

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

Note 35. Business combinations (continued)

The acquisition includes contingent consideration of \$8,576,002 subject to meeting key revenue targets for the first and second year of operation under the ownership of the Company. Consequently, this amount has been assessed as purchase consideration and has been included in the acquisition-date fair value of the total consideration transferred after discounting and adjusting for managements' estimates of the revenue targets being achieved, being \$4,182,070. At 30 June 2025, an amount of \$4,469,548 has been credited to the Consolidated Statement of profit or loss and other comprehensive income during 2025 as the Year 1 target has not been met and management has assessed that the Year 2 target will not be achieved, which is different owing to the effect of exchange rates.

The acquired business contributed revenue of \$7,986,817 and a net loss after tax of \$1,936,387 to the Group for the financial year ended 30 June 2025. If the acquisition had occurred on 1 July 2023, the contributed revenue for the 12 months to 30 June 2024 would have been \$8,528,018 and net loss after tax of \$402,243.

There has been \$1,005,740 of acquisition related costs incurred to date and expensed in Legal and intellectual property advisory fees (\$489,926), Consulting fees (\$350,015) and Accounting fees included within Other expenses (\$165,799) in the financial year ended 30 June 2024.

As at 30 June 2025, the accounting for this business combination is final.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 35. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	892,702
Trade receivables	240,978
Other receivables	168,162
Inventories	1,288,564
Prepayments	93,348
Furniture & Fittings	27,155
Computer Equipment	38,522
Laboratory Equipment	127,735
Right-of-use assets	704,641
Website	40,517
Deferred tax liability	(35,750)
Trade Payables	(444,428)
Accrued expenses	(339,516)
Deferred revenue	(403,625)
Lease liability	(704,641)
Employee Benefits	(65,371)
Lease make good provision	(87,689)
Net assets acquired	1,541,304
Goodwill ¹	9,144,466
Customer Relationships	2,090,203
Brand	4,452,695
Technology	2,590,803
Deferred Tax Liability ¹	(2,283,425)
Acquisition-date fair value of the total consideration transferred	<u>17,536,046</u>
Representing:	
Cash paid or payable to vendor	10,462,829
Microba Life Sciences Limited shares issued to vendor	2,891,147
Contingent consideration	4,182,070
	<u>17,536,046</u>
Acquisition costs expensed to profit or loss	<u>1,005,740</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	17,536,046
Less: cash and cash equivalents	(892,702)
Less: contingent consideration	(4,182,070)
Less: shares issued by Company as part of consideration	(2,891,147)
Net cash used	<u>9,570,127</u>

¹Following the finalisation of the tax treatment for the acquired technology assets of Invivo Clinical (UK) Limited, it was concluded that the future amortisation of these assets is non-deductible for tax purposes, resulting in the recognition of a deferred tax liability (DTL) of £339,861 (\$647,701). This measurement period adjustment has led to an increase in goodwill and a revision to the previously reported deferred tax liability (refer to note 7) as of 30 June 2024. The impact of this adjustment has been fully reflected in the consolidated financial statements as of 30 June 2025, finalising the acquisition accounting for Invivo Clinical (UK) Limited.

No Contingent liabilities or guarantees existed at the acquisition date.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 35. Business combinations (continued)

The fair value, and the gross amount, of the Trade receivables is \$259,006 and it is expected that the full contractual amounts will be collected apart from one debt that is considered doubtful with a value of \$18,028.

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

The total goodwill arising on acquisition is \$9,144,466 which relates predominantly to the acquisition of key management, specialised know-how of the workforce, key stakeholder relationships, competitive position and product & service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition.

Note 36. Earnings per share

	2025 \$	2024 \$
Loss after income tax attributable to the owners of Microba Life Sciences Limited	(14,939,471)	(19,938,485)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	448,404,123	409,858,784
Weighted average number of ordinary shares used in calculating diluted earnings per share	448,404,123	409,858,784
	Cents	Cents
Basic earnings per share	(3.33)	(4.86)
Diluted earnings per share	(3.33)	(4.86)

Due to the loss making position of the Group, the impact of options issued is non-dilutive and as such, has been excluded from the calculation of earnings per share.

Note 37. Operating segments

Identification of reportable operating segments

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

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

Major customers

During the year ended 30 June 2025 there were no significant customers from which 10% or more of the Group's external revenue was derived, which is similar to the year ended 30 June 2024.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 37. Operating segments (continued)

Operating segment information

Segment profit and loss

2025

	Testing Services & Supplements \$	Research & Development \$	Unallocated \$	Total \$
Revenue from contracts with external customers	15,669,089	-	-	15,669,089
Cost of sales	(8,227,712)	-	-	(8,227,712)
Gross profit	7,441,377	-	-	7,441,377
Subsidies and grant income	24,600	2,806,277	-	2,830,877
Interest income	-	-	583,355	583,355
Other income	-	-	95,658	95,658
Foreign currency gain	-	-	1,759,767	1,759,767
Net gain on reversal of contingent consideration	-	-	4,469,548	4,469,548
	24,600	2,806,277	6,908,328	9,739,205
Expenses				
Employee benefits and other related costs	(4,930,886)	(1,271,889)	(10,282,789)	(16,485,564)
Research and development expense	-	(2,008,294)	-	(2,008,294)
Depreciation and amortisation expense	(2,827,775)	(159,511)	(1,443,887)	(4,431,173)
Travel Expenses	(141,207)	(6,434)	(318,173)	(465,814)
Consulting fees	(129,719)	(268,392)	(3,024,458)	(3,422,569)
Marketing and advertising expense	(602,876)	-	(59,417)	(662,293)
Legal and intellectual property advisory fees	-	(54,085)	(146,151)	(200,236)
Finance costs	(24,780)	-	(151,906)	(176,686)
Subscriptions and information technology expenses	(254,920)	(37,206)	(987,376)	(1,279,502)
Other expenses	(1,761,715)	(56,337)	(1,276,464)	(3,094,516)
Total expenses	(10,673,878)	(3,862,148)	(17,690,621)	(32,226,647)
Loss before income tax benefit	(3,207,901)	(1,055,871)	(10,782,293)	(15,046,065)
Income tax benefit	-	-	106,594	106,594
Loss after income tax	(3,207,901)	(1,055,871)	(10,675,699)	(14,939,471)

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 37. Operating segments (continued)

2024

	Testing Services & Supplements \$	Research & Development \$	Unallocated \$	Total \$
Revenue from contracts with external customers	12,090,055	-	-	12,090,055
Cost of sales	(6,184,628)	-	-	(6,184,628)
Gross profit	5,905,427	-	-	5,905,427
Subsidies and grant income	7,500	5,758,708	-	5,766,208
Interest income	-	-	1,004,728	1,004,728
Other income	-	-	51,543	51,543
Foreign currency gain	-	-	99,864	99,864
	7,500	5,758,708	1,156,135	6,922,343
Expenses				
Employee benefits and other related costs	(4,145,429)	(1,711,054)	(5,760,872)	(11,617,355)
Research and development expense	-	(10,836,162)	-	(10,836,162)
Depreciation and amortisation expense	(2,411,627)	(242,089)	(216,558)	(2,870,274)
Travel Expenses	(283,441)	(56,379)	(221,543)	(561,363)
Consulting fees	(906,798)	(51,876)	(1,295,048)	(2,253,722)
Marketing and advertising expense	(545,395)	(24,970)	(215,980)	(786,345)
Legal and intellectual property advisory fees	(31,994)	(8,024)	(693,072)	(733,090)
Finance costs	-	-	(69,221)	(69,221)
Other expenses	(916,985)	(162,157)	(2,010,885)	(3,090,027)
Total expenses	(9,241,669)	(13,092,711)	(10,483,179)	(32,817,559)
Loss before income tax	(3,328,742)	(7,334,003)	(9,327,044)	(19,989,789)
Income tax benefit	-	-	51,304	51,304
Loss after income tax expense	(3,328,742)	(7,334,003)	(9,275,740)	(19,938,485)

Segment assets and liabilities

	Testing Services & Supplements \$	Research & Development \$	Unallocated \$	Total \$
2025				
Total assets	29,370,165	3,696,697	14,370,264	47,437,126
Total liabilities	5,215,642	1,877,593	7,850,404	14,943,639
Additions to non-current assets	2,962,734	1,464,368	283,295	4,710,397

	Testing Services & Supplements \$	Research & Development \$	Unallocated \$	Total \$
2024				
Total assets	29,752,307	6,149,642	22,138,358	58,040,307
Total liabilities	8,280,756	1,617,110	6,926,439	16,824,305
Additions to non-current assets	4,093,947	350,598	316,371	4,760,916
Additions to non-current assets via business combination	18,474,530	-	94,507	18,569,037

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 37. Operating segments (continued)

Geographical information

	Revenue from external customers		Non-current assets	
	2025	2024	2025	2024
	\$	\$	\$	\$
Australia	5,407,700	4,204,298	8,571,051	7,227,470
Europe	1,374,082	1,771,263	-	-
New Zealand	6,933	127,032	-	-
United Arab Emirates	97,520	662,344	-	-
United Kingdom	7,541,566	4,531,355	19,607,514	18,555,419
United States	942,521	602,860	257,226	651,669
Asia	13,744	22,050	-	-
Ireland	285,023	168,853	-	-
	15,669,089	12,090,055	28,435,791	26,434,558

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	\$	\$
Loss after income tax	(17,923,708)	(20,932,791)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss	(17,923,708)	(20,932,791)

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 38. Parent entity information (continued)

Statement of financial position

	Parent	
	2025	2024
	\$	\$
Total current assets	31,458,706	42,816,874
Total non-current assets	-	-
Total assets	31,458,706	42,816,874
Total current liabilities	1,132,733	2,035,710
Total non-current liabilities	1,451,867	458,986
Total liabilities	2,584,600	2,494,696
Net assets	28,874,106	40,322,178
Equity		
Issued capital	108,542,970	102,881,628
Share-based payments reserve	2,932,954	2,118,660
Accumulated losses	(82,601,818)	(64,678,110)
Total equity	28,874,106	40,322,178

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Loans to subsidiaries

The parent entity holds loans with its subsidiaries which cause the net assets of the parent entity to exceed the total equity of the Group. Impairment losses have been recorded against the parent entity's loans receivable to reduce the equity position of the parent entity to the consolidated equity of the Group.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2.

Microba Life Sciences Limited
Notes to the consolidated financial statements
30 June 2025

Note 39. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
Microba Pty Ltd Incorporated 6 September 2019	Australia	100%	100%
Microba Services Pty Ltd Incorporated 6 September 2019	Australia	100%	100%
Microba IP Pty Ltd Incorporated 6 September 2019	Australia	100%	100%
Microba US, Inc. Incorporated 14 January 2020	United States of America	100%	100%
Microba UK Holdings Limited Incorporated 16 October 2023	United Kingdom	100%	100%
Invivo Clinical Limited Incorporated 27 March 2007	United Kingdom	100%	100%
Invivo Healthcare Limited Incorporated 20 May 2019	United Kingdom	100%	100%

Note 40. Contingent liabilities

There were no contingent liabilities requiring disclosure in the financial report.

Note 41. Events after the reporting period

On 8 August 2025, an Extraordinary General Meeting (EGM) was held where shareholders approved the issuance of equity securities and attaching options related to the first and second tranche (Tranche 2) of the Placement and the Share Purchase Plan (SPP), as announced to the ASX on 23 June 2025. Following the EGM approval, the Company completed the following equity issuances:

Tranche 2 Placement: On 13 August 2025, the Company completed the issuance of the Tranche 2 Placement, resulting in the issue of 71,711,093 new fully paid ordinary shares at \$0.09 per share, raising approximately \$6.45 million (before costs).

Share Purchase Plan (SPP): On 13 August 2025, the Company completed the issuance of the SPP, where it raised an additional \$2.0 million through the fully underwritten SPP, under the SPP 22,222,168 new fully paid ordinary shares were issued at \$0.09 per share. The SPP participants also received one unlisted attaching option for every two new shares subscribed, resulting in the issuance of 11,111,111 attaching options exercisable at \$0.14 within two years from the date of issue.

Options: On 13 August 2025, 69,444,384 options were issued at an exercise price of \$0.14 for Tranche 1 and Tranche 2 participants who received one unlisted attaching option for every two new shares subscribed, expiring within 2 years from the date of issue. A further 46,296,296 unlisted attaching options were issued to Sonic Healthcare Limited at an exercise price of \$0.09 expiring within 17 months from the date of issue.

As a result of these transactions, the Group's cash position has been significantly strengthened, providing additional working capital to accelerate product development, clinical adoption, and commercial growth initiatives as outlined in the capital raising announcement.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Microba Life Sciences Limited
Consolidated entity disclosure statement
As at 30 June 2025

Microba Life Sciences Limited is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the company and its controlled entities (the consolidated entity).

In accordance with subsection 295(3A) of the *Corporations Act 2001*, this consolidated entity disclosure statement provides information about each entity that was part of the consolidated entity at the end of the financial year.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Microba Life Sciences Limited	Body Corporate	Australia	-	Australia
Microba Pty Ltd	Body Corporate	Australia	100.00%	Australia
Microba Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
Microba IP Pty Ltd	Body Corporate	Australia	100.00%	Australia
Microba US Inc	Body Corporate	United States of America	100.00%	United States of America
Microba UK Holdings Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Invivo Clinical Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Invivo Healthcare Limited	Body Corporate	United Kingdom	100.00%	United Kingdom

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Microba Life Sciences Limited
Directors' declaration
30 June 2025

The Directors of the Company declare that:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statements required by subsection 295(3A) of the *Corporations Act 2001* is true and correct.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Pasquale Rombola
Director

26 August 2025
Brisbane

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Microba Life Sciences Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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 2025 and of its financial performance for the year then ended; 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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adelaide | Brisbane | Melbourne | Newcastle | Perth | Sydney



Nigel Fischer	Jason Evans	Brett Headrick	Simon Chun	James Field	Felicity Crimston	Murray Graham	Edward Fletcher	Tracey Norris	Adele Smith
Mark Nicholson	Kylie Lamprecht	Warwick Face	Jeremy Jones	Daniel Colwell	Cheryl Mason	Andrew Robin	Robert Hughes	Anthony Kazamias	
Peter Camenzuli	Norman Thurecht	Cole Wilkinson	Tom Splatt	Robyn Cooper	Kieran Wallis	Karen Levine	Ventura Caso	Sean Troyahn	

Pitcher Partners is an association of independent firms. An Independent Queensland Partnership ABN 84 797 724 539. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of goodwill Refer to note 18 The consolidated statement of financial position as at 30 June 2025 includes goodwill valued at \$10,019,053 which relates to the acquisition of Invivo Clinical Limited. The carrying amount of goodwill is supported by management's value-in-use calculation which is based on board approved budgeted future cash flows and key estimates such as the annual growth rates, discount rate and terminal value growth rate. This is a key audit matter as the value of goodwill is material, and the evaluation of the recoverable amount requires significant judgement in determining the key estimates to support the value-in-use calculations.	Our procedures included: • Understanding and evaluating the design and implementation of management's processes and controls over the impairment assessment of goodwill; • Assessing management's determination of the Group's cash generating units ('CGUs') based on our understanding of the nature of the Group's business and the identifiable groups of cash generating assets; • Comparing the cashflow forecasts used in the value-in-use calculations to Board approved budgets and the Group's historical performance; • Assessing the significant judgements and key estimates used for the impairment assessment, in particular, the annual growth rates, discount rate and terminal value growth rate; • Checking the mathematical accuracy of the impairment model and agreeing relevant data to supporting documentation; • Performing a sensitivity analysis of management's value-in-use calculation; and • Assessing the adequacy of the Group's disclosures.
Research and Development Tax Incentive Refer to notes 5 and 12 At 30 June 2025 the Group's consolidated statement of financial position includes a Research and Development (R&D) Tax Incentive receivable of \$3,066,681 and R&D Tax Incentive income of \$2,506,277. The Group receives refundable R&D tax incentives from the Australian government which represents 43.5 cents in each dollar of eligible annual R&D expenditure, if its turnover is less than \$20 million per annum. The Group has had multiple Overseas Advanced Findings successfully approved by AusIndustry relating to its immuno-oncology and IBD therapeutic programs. Management performed a detailed assessment of the Group's total R&D expenditure to estimate the refundable R&D tax incentive receivable under the R&D tax incentive legislation. This was considered a key audit matter due to the size of the receivable and income recognised as well as the degree of judgement and interpretation	Our procedures included: • Obtaining an understanding of, and evaluating the design and implementation of the controls associated with management's assessment of eligible R&D expenditure under the tax incentive scheme; • Engaging our internal R&D tax incentive expert to: ○ Review the expenditure methodology adopted by management for consistency with the R&D tax legislation; and ○ Consider the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme and form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • Testing a sample of expenditure upon which the claim is based, to underlying documentation, such as invoices and payroll records; • Inspecting copies of relevant correspondence with AusIndustry and the

of the R&D tax legislation required to assess the eligibility of the R&D expenditure under the scheme.

ATO related to current and historical claims; and

- Assessing the appropriateness of the accounting entries, classification of the R&D tax incentive and financial statement disclosures, based on Australian Accounting Standards.

Other Information

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 2025, 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 (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- (b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and
- (c) for such internal control as the directors determine is necessary to enable the preparation of:
 - (i) the financial report (other than the consolidated entity disclosure statement) 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 ability of the Group 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report, on pages 35 to 40 of the financial report for the year ended 30 June 2025. In our opinion, the Remuneration Report of Microba Life Sciences Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PITCHER PARTNERS



DANIEL COLWELL
Partner

Brisbane, Queensland
26 August 2025

For personal use only

05

ASX Additional Information

Microba Life Sciences Limited
Shareholder information
30 June 2025

The shareholder information set out below was applicable as at 5 August 2025, unless otherwise stated.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	29	-
1,001 to 5,000	368	0.21
5,001 to 10,000	220	0.33
10,001 to 100,000	589	4.46
100,001 and over	311	95.00
	1,517	100.00
Holding less than a marketable parcel	426	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
ACN 002 889 545 PTY LTD	98,597,402	19.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	53,750,159	10.44
UBS NOMINEES PTY LTD	38,721,316	7.52
SA MICROBA HOLDINGS PTY LTD	33,480,799	6.50
MACROGEN INC	17,828,431	3.46
CITICORP NOMINEES PTY LIMITED	17,729,290	3.44
BOYSENHOLTZ PTY LTD	17,178,431	3.34
GENIE MICROBIOME PTY LTD	15,920,000	3.09
MR DON MAREE	11,545,742	2.24
GINKGO BIOWORKS INC	10,886,385	2.11
G & N LORD SUPERANNUATION PTY LTD	8,000,000	1.55
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,642,779	1.29
ROMBOLA FAMILY PTY LTD	5,700,000	1.11
BELGRAVIA STRATEGIC EQUITIES PTY LTD	5,432,342	1.05
AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED	3,838,412	0.75
BNP PARIBAS NOMINEES PTY LTD	3,528,900	0.69
UNIQUEST PTY LTD	3,424,643	0.66
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,291,844	0.64
RPMT INVESTMENTS PTY LTD	3,288,715	0.64
DERP ENTERPRISES PTY LTD	2,902,500	0.56
	361,688,090	70.22

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	26,849,741	38

Microba Life Sciences Limited
Shareholder information
30 June 2025

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares % of total shares issued
Number held	
Sonic Healthcare Limited	98,597,402 19.14
Perennial Value Management	69,378,634 13.47
Thorney Investment Group	35,336,905 6.86
SA Microba Holdings Pty Ltd	33,480,799 6.50

Substantial holdings are based on the last notice for each holder lodged on the Australian Securities Exchange (ASX).

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary Shares	6 December 2025	13,141,578

Share buy-back

There is currently no on-market share buy-back.

Use of funds

Since admission, the Company used its cash consistent with its business objectives.

For personal use only

MiCROBA™

microba.com

1300 974 621 • info@microba.com