

Lumos Diagnostics Holdings Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Lumos Diagnostics Holdings Limited
ABN:	66 630 476 970
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			US\$'000
Revenues from ordinary activities	down	2.2% to	5,087
Loss from ordinary activities after tax attributable to the owners of Lumos Diagnostics Holdings Limited	down	40.8% to	(6,564)
Loss for the half-year attributable to the owners of Lumos Diagnostics Holdings Limited	down	40.8% to	(6,564)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to US\$6,564,000 (31 December 2021: US\$11,088,000 loss).

3. Net tangible assets

	Reporting period US\$ Cents	Previous period US\$ Cents
Net tangible assets per ordinary security	<u>(0.41)</u>	<u>2.42</u>

4. Dividends

Current period

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

Previous period

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

5. Foreign entities

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

Not applicable. Lumos Diagnostics Holdings Limited and its subsidiaries, including its foreign subsidiaries, use a common set of accounting policies based on Australian Accounting Standards.

6. Audit qualification or review

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

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

7. Attachments

Details of attachments (if any):

The Interim Report of Lumos Diagnostics Holdings Limited for the half-year ended 31 December 2022 is attached.

8. Signed

Signed _____

A handwritten signature in black ink, appearing to be 'S. J.', written over a horizontal line.

Date: 24 February 2023

Lumos Diagnostics Holdings Limited

ABN 66 630 476 970

Interim Report - 31 December 2022

Lumos Diagnostics Holdings Limited**Corporate directory****31 December 2022**

Directors	Samuel Lanyon (Non-Executive Chair) Lawrence Mehren (Non-Executive Director and Deputy Chair) Bronwyn Le Grice (Non-Executive Director) Catherine Robson (Non-Executive Director)
Chief Executive Officer	Doug Ward
Chief Financial Officer	Barrie Lambert
Joint company secretaries	Melanie Leydin Tracy Weimar
Registered office	Level 4, 96-100 Albert Road SOUTH MELBOURNE VIC 3205 Australia
Principal place of business	2724 Loker Ave West Carlsbad, California 92010 USA
Auditor	William Buck Level 20 181 William Street MELBOURNE VIC 3000
Solicitors (USA)	Foley & Lardner LLC 100 North Tampa Street, Suite 2700 Tampa, FL 33602 USA
Solicitors (Australia)	Clayton Utz 1 Bligh St SYDNEY NSW 2000
Stock exchange listing	Lumos Diagnostics Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: LDX)
Website	https://lumosdiagnostics.com

Lumos Diagnostics Holdings Limited
Contents
31 December 2022

Directors' report	3
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	19
Independent auditor's review report to the members of Lumos Diagnostics Holdings Limited	20

Lumos Diagnostics Holdings Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Lumos') consisting of Lumos Diagnostics Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Lumos Diagnostics Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Samuel Lanyon (Non-Executive Chair)
Lawrence Mehren (Non-Executive Director and Deputy Chair)
Bronwyn Le Grice (Non-Executive Director)
Catherine Robson (Non-Executive Director)

Principal activities

During the financial period the principal continuing activities of the consolidated entity consisted of providing contract research & development services specialising in the innovation, development, manufacturing and commercialisation of point-of-care (POC) diagnostic solutions for clinical and consumer applications.

Lumos is also developing and commercialising its own suite of rapid, point-of-care diagnostic products which are primarily focused on the diagnosis and management of infectious diseases. These include: FebriDx®, a POC test for detecting and differentiating viral and bacterial respiratory infections and ViraDx™, a three-in-one POC test for influenza A, influenza B and COVID-19.

Review of operations

During the half year the Company completed the successful restructuring and consolidation of operations to a single, US site in Carlsbad, California. As a result of the significant cost reduction program that commenced in 2H FY2022, which included the closure of the facility in Sarasota, Florida the net loss after tax for the half year was reduced significantly to \$6.6 million (1H FY2022: \$11.1 million). This was achieved by maintaining the revenue base, improving gross profit margins, whilst implementing the significant cost reductions.

For the half year ended 31 December 2022 (1H FY2023), Lumos Diagnostics recorded revenues of \$5.1 million (1H FY2022: \$5.2 million), of which, \$5.0 million (1H FY2022: \$4.7 million) was generated from contract development and manufacturing services provided to external clients, and \$0.1 million (1H FY2022: \$0.5 million) was from the sale of Lumos' POC diagnostic test products. The majority of revenues, being \$5.0 million, were generated in the United States (1H FY2022: \$5.0 million).

The underlying EBITDA loss for the half year ended 31 December 2022 (1H FY2023) was \$3.7 million, which is an improvement of 62% over the \$9.8 million EBITDA loss in 1H FY2022.

In addition, the cash usage for the Company was significantly reduced in 1H FY2023 to \$7.1 million from \$15.5 million in 1H FY2022, which represents a reduction of 54%.

Review of operations (continued)

The following table provides an overview of the results.

	1H FY2023 US\$'000	1H FY2022 US\$'000	Comments
Income Statement:			
Revenue:			
- Services income	4,946	4,670	6% increase
- Sale of goods	<u>141</u>	<u>532</u>	Reduction related to CoviDx sales
Total Revenue	<u>5,087</u>	<u>5,202</u>	2% decrease
Gross Profit			
Gross Profit	2,501	2,401	4% increase
GP %	49.2%	46.2%	Margin improvement of 3.0%
Operating Expenses			
Operating Expenses	(6,216)	(12,173)	Reduction of 49%
Underlying EBITDA loss	(3,715)	(9,772)	Improvement of 62%
Impairments/Depreciation & Amortisation / Finance Costs			
Impairments/Depreciation & Amortisation / Finance Costs	(2,849)	(1,316)	Increased amortisation & some impairment of inventory
Net Loss After Tax	(6,564)	(11,088)	Improvement of 41%
Cash Flow:			
Operating Cash Flow	(5,935)	(11,648)	Lower net loss and working capital
Investing Activities	(43)	(3,309)	Limited capital expenditure
Finance Activities (Lease Payments)	(1,095)	(581)	Includes Sarasota lease payout
Cash Usage	(7,073)	(15,538)	Improved by 54% (before equity transactions and FX impact on cash)

Services

During 1H FY2023, Lumos' Services revenue from the provision of diagnostic test development and manufacturing services to its clients was up 6% over the prior half year period to \$5.0 million (1H FY2022: \$4.7 million). During the half-year, Lumos closed its Sarasota, Florida facility at the end of September and consolidated its commercial services and manufacturing operations to its site in Carlsbad, California, USA.

During the half year, Lumos signed several new commercial services agreements for projects that have the potential to extend into future development and manufacturing programs. In August, Lumos secured an initial purchase order for the manufacture of a multi-assay, rapid diagnostic cartridge to be used in combination with a customized Lumos digital reader as part of a novel hormone monitoring platform to be used in clinical studies to support a potential market launch in FY2024. The company also supplied test strips for a nutrition test for a US-based client, secured a commercial contract to develop new tests for food safety testing, commenced work on a novel molecular diagnostics platform, and a pilot project focused on the development of a new animal health product. In addition to providing new clients and projects that can provide a basis for future revenue growth, these have provided a more diversified commercial services pipeline which was previously dominated by projects focused on the development and manufacture of point-of-care diagnostic products for infectious diseases.

In November, Lumos announced it had secured two new service agreements with Massachusetts-based women's health company Hologic. Hologic is a leading innovator in women's health and has engaged Lumos to conduct two programs of work focused on the support of an existing on market product, and the development of a commercial rapid, point-of-care test product. The programs covered under these two agreements are expected to be completed by the middle of 2023 and Lumos is entitled to receive up to \$1.5 million in revenue for the provision of its development services on these programs, with the majority of the work to be recorded as revenue in 2H FY2023. In December, Lumos signed a third service agreement with Hologic which has the potential to generate up to an additional \$1.0 million for Lumos. The establishment of deep, long-term strategic partnerships with key players in the diagnostics space is an important area of focus to drive growth for Lumos.

Lumos Diagnostics Holdings Limited
Directors' report
31 December 2022

Products

During 1H FY2023, Lumos recorded revenues of \$0.1 million (1H FY2022: \$0.5 million) from the sale of its own point-of-care diagnostic test products, FebriDx[®], ViraDx[™] and CoviDx[™] in Canada, the UK and Europe.

FebriDx[®]

FebriDx[®] is a rapid, POC test for detecting and differentiating bacterial and viral acute respiratory infections in patients. To date, Lumos has received regulatory registrations for the use of FebriDx in the UK, Europe, Canada, UAE, Brazil and Australia. In 2021, Lumos filed a 510(k) application for FebriDx with the US FDA.

In July 2022, Lumos was advised the FDA had decided that FebriDx did not demonstrate substantial equivalence to the predicate device that was used to support its 510(k) application. In August, Lumos filed an appeal requesting the FDA to review this decision. At the end of September, the FDA advised Lumos that it had completed the requested review and was upholding its initial decision, namely that, based on the original submission, FebriDx had not demonstrated substantial equivalence to the predicate device and consequently was not eligible for US clearance based on this application.

Following this decision, Lumos secured a pre-submission meeting that was held with the FDA in January 2023 to discuss the requirements for a potential future regulatory submission for FebriDx. The feedback from this meeting indicated that Lumos' existing clinical and performance data for FebriDx may be sufficient to support a new 510(k) application to the FDA with less broad claims for the test. Based on this feedback, Lumos intends to submit a new 510(k) application to the FDA for FebriDx and expects to have an outcome from this process within the next 12 months.

During the quarter, Lumos received new orders for FebriDx from distributors in four European markets, primarily in the UK and commenced fulfilling these orders in December and January.

ViraDx[™]

ViraDx[™] is a three-in-one COVID-19/Flu A/Flu B point-of-care, rapid antigen test which has Interim Order authorization for use in Canada.

ViraDx is currently under review by the FDA for Emergency Use Authorization (EUA) in the US. In Q1 FY2023, and at the FDA's request, the NIH successfully completed testing ViraDx against different strains of SARS-CoV-2 that have emerged during the course of the pandemic. Due to the high volume of EUA applications for respiratory diagnostic tests currently under consideration by the FDA, Lumos is still awaiting an outcome from its EUA application.

In order to meet demand arising from the US flu season while this review process is being completed, in Q2 FY2023 Lumos commenced distribution of the Status[™] COVID-19/Flu A&B product to customers in the US under its agreement with LifeSign LLC. Following the receipt of Interim Order authorization by Health Canada in June, in late 2022 Lumos received and commenced fulfilling a number of initial purchase orders for ViraDx from its Canadian distributors.

CoviDx[™]

CoviDx is Lumos' SARS-CoV-2 point-of-care rapid antigen test for the detection of COVID-19 which was granted Interim Order authorization from Health Canada in November 2021.

Lumos is not currently actively selling CoviDx.

Corporate developments

As part of Lumos' ongoing program to reduce its cash burn, in August 2022 the Company announced the closure of its facility in Sarasota, FL, and the consolidation of its development and manufacturing operations to Carlsbad, CA. This closure was completed within the short timeframe set internally and released Lumos from further lease obligations for the Sarasota site from 30 September 2022. Lumos was able to negotiate termination of the lease with a single, final payment of \$0.3 million which relieved the Company from more than \$3.1 million in future lease payment obligations plus the additional costs for running the facility. Equipment and key personnel for Lumos' manufacturing production line have been transferred and installed in Carlsbad and provide sufficient capacity, for the foreseeable future, to meet the needs of Lumos' services and products business.

In November, Lumos announced it had entered into a binding Convertible Note Agreements to raise up to A\$8.0 million in two tranches from two US-based institutional investors—SBC Global Investment Fund and Lind Global Fund II, LP. Shareholder approval to proceed with the issue of these notes was secured at the General Meeting held in December 2022. Following this approval, the first tranche of A\$4.0 million of Convertible Notes were issued in early January with the second tranche of A\$4.0 million of Convertible Notes to be issued subject to Lumos's capital needs and mutual agreement between Lumos and the Investors.

Lumos Diagnostics Holdings Limited
Directors' report
31 December 2022

Significant changes in the state of affairs

- As announced on 26 August 2022, 7,500,000 unquoted options were issued, exercisable over fully paid ordinary shares and are exercisable at A\$0.30, expiring 18 July 2029;
- As announced on 26 August 2022, 2,995,000 unquoted options were issued, exercisable over fully paid ordinary shares and are exercisable at A\$0.0589, expiring 26 August 2027;
- As announced on 2 September 2022, 2,320,925, 250,000 and 105,000 unquoted options were issued, exercisable over fully paid ordinary shares and are exercisable at A\$0.0589, expiring 31 August 2026, 31 August 2027 and 28 February 2026, respectively;
- As announced on 30 September 2022 (as amended on 16 January 2023), 1,150,000 and 26,525 unquoted options were issued and are exercisable at A\$0.0589, expiring 31 August 2027 and 31 August 2026, respectively;
- In November, the Company announced it had entered into a binding Convertible Note Agreements to raise up to A\$8.0 million in two tranches from two US-based institutional investors—SBC Global Investment Fund and Lind Global Fund II, LP. Shareholder approval to proceed with the issue of these notes was secured at the General Meeting held in December 2022. As detailed in “**Matters subsequent to the end of the financial half-year**” below, following this approval, the first tranche of A\$4.0 million of Convertible Notes were issued in early January with the second tranche of A\$4.0 million of Convertible Notes to be issued subject to the Company’s capital needs and mutual agreement between the Company and the Investors.
- As announced on 1 December 2022, 2,246,500 unquoted options were issued, exercisable over fully paid ordinary shares and are exercisable at A\$0.0589, expiring 26 August 2027;
- As announced on 1 December 2022, 1,036,822 unquoted options were issued, exercisable over fully paid ordinary shares and are exercisable at A\$0.0474, expiring 11 December 2027;
- During the period ended 31 December 2022, 9,509,185 options over fully paid ordinary shares have been forfeited and lapsed; and
- During December 2022, 113,934 fully paid ordinary shares were issued to the Company’s employees for \$nil consideration in settlement of employment services rendered.

Matters subsequent to the end of the financial half-year

On 5 January 2023, execution of Tranche 1 of the convertible notes was completed, with A\$4.0 million received, less commissions and other expenses, as defined in the Convertible Note Agreements.

In accordance with the terms of the Convertible Note Agreements, 12 million placement shares were issued on 9 January, on a deferred payment basis and 41,666,668 attaching options were issued over fully paid ordinary shares expiring on 8 January 2027, with an exercise price of A\$0.072 (7.2 Australian cents) per fully paid ordinary share.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to ‘rounding-off’. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Samuel Lanyon
Non-Executive Chair

24 February 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LUMOS DIAGNOSTICS HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2022 there have been:

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 24 February 2023

Lumos Diagnostics Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

		Consolidated	
	Note	31 December 2022	31 December 2021
		US\$'000	US\$'000
Revenue			
Revenue	4	5,087	5,202
Cost of sales		<u>(2,586)</u>	<u>(2,801)</u>
Gross profit		<u>2,501</u>	<u>2,401</u>
Other income		11	1
Expenses			
General and administration expenses	5	(2,387)	(5,587)
Employee benefits expense		(2,977)	(5,165)
Marketing and sales expenses		(443)	(1,130)
Research and development expenses		(420)	(292)
Impairment of accounts receivable	5	(85)	-
Depreciation and amortisation expense		(2,030)	(1,099)
Impairment of inventory	5	(542)	-
Finance costs		<u>(192)</u>	<u>(217)</u>
Loss before income tax expense		(6,564)	(11,088)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Lumos Diagnostics Holdings Limited		(6,564)	(11,088)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(304)</u>	<u>(1,550)</u>
Other comprehensive loss for the half-year, net of tax		<u>(304)</u>	<u>(1,550)</u>
Total comprehensive loss for the half-year attributable to the owners of Lumos Diagnostics Holdings Limited		<u>(6,868)</u>	<u>(12,638)</u>
		US\$ Cents	US\$ Cents
Basic loss per share	9	(3.13)	(7.38)
Diluted loss per share	9	(3.13)	(7.38)

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

Lumos Diagnostics Holdings Limited
Statement of financial position
As at 31 December 2022

	Consolidated	
	31 December	30 June
Note	2022	2022
	US\$'000	US\$'000
Assets		
Current assets		
Cash and cash equivalents	783	7,978
Trade and other receivables	1,579	1,890
Inventories	1,612	2,526
Prepayments and other assets	1,375	1,048
Total current assets	<u>5,349</u>	<u>13,442</u>
Non-current assets		
Plant and equipment	3,125	3,495
Right-of-use assets	4,537	7,476
Intangibles	12,007	12,527
Total non-current assets	<u>19,669</u>	<u>23,498</u>
Total assets	<u>25,018</u>	<u>36,940</u>
Liabilities		
Current liabilities		
Trade and other payables	4,120	4,115
Lease liabilities	540	968
Employee benefits	949	1,087
Contract liabilities	4,266	6,659
Total current liabilities	<u>9,875</u>	<u>12,829</u>
Non-current liabilities		
Lease liabilities	4,237	6,226
Total non-current liabilities	<u>4,237</u>	<u>6,226</u>
Total liabilities	<u>14,112</u>	<u>19,055</u>
Net assets	<u>10,906</u>	<u>17,885</u>
Equity		
Issued capital	92,157	92,139
Reserves	(1,351)	280
Accumulated losses	(79,900)	(74,534)
Total equity	<u>10,906</u>	<u>17,885</u>

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

Lumos Diagnostics Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2022

	Issued capital US\$'000	Foreign currency translation reserve US\$'000	Equity- settled share based payments reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Consolidated					
Balance at 1 July 2021	84,222	1,044	1,825	(28,810)	58,281
Loss after income tax expense for the half-year	-	-	-	(11,088)	(11,088)
Other comprehensive loss for the half-year, net of tax	-	(1,550)	-	-	(1,550)
Total comprehensive loss for the half-year	-	(1,550)	-	(11,088)	(12,638)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	367	-	-	-	367
Share-based payments (note 10)	-	-	100	-	100
Balance at 31 December 2021	<u>84,589</u>	<u>(506)</u>	<u>1,925</u>	<u>(39,898)</u>	<u>46,110</u>

	Issued capital US\$'000	Foreign currency translation reserve US\$'000	Equity- settled share based payments reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Consolidated					
Balance at 1 July 2022	92,139	(1,787)	2,067	(74,534)	17,885
Loss after income tax expense for the half-year	-	-	-	(6,564)	(6,564)
Other comprehensive loss for the half-year, net of tax	-	(304)	-	-	(304)
Total comprehensive loss for the half-year	-	(304)	-	(6,564)	(6,868)
Issue of shares (net of costs)	18	-	-	-	18
Share based payments expense	-	-	140	-	140
Share based payments forfeited	-	-	(269)	-	(269)
Transfer of options lapsed	-	-	(1,198)	1,198	-
Balance at 31 December 2022	<u>92,157</u>	<u>(2,091)</u>	<u>740</u>	<u>(79,900)</u>	<u>10,906</u>

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

Lumos Diagnostics Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2022

	Consolidated	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	2,974	5,735
Payments to suppliers (inclusive of GST)	<u>(8,738)</u>	<u>(17,123)</u>
	(5,764)	(11,388)
Interest and other finance costs paid	<u>(171)</u>	<u>(260)</u>
Net cash used in operating activities	<u>(5,935)</u>	<u>(11,648)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(19)	(1,809)
Payments for capitalised development	<u>(24)</u>	<u>(1,500)</u>
Net cash used in investing activities	<u>(43)</u>	<u>(3,309)</u>
Cash flows from financing activities		
Transaction costs related to issues of equity securities	-	(429)
Buy back of shares from existing shareholders on IPO	-	(17,501)
Repayment of lease liabilities	<u>(1,095)</u>	<u>(581)</u>
Net cash used in financing activities	<u>(1,095)</u>	<u>(18,511)</u>
Net decrease in cash and cash equivalents	(7,073)	(33,468)
Cash and cash equivalents at the beginning of the financial half-year	7,978	44,890
Effects of exchange rate changes on cash and cash equivalents	<u>(122)</u>	<u>(958)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>783</u></u>	<u><u>10,464</u></u>

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

Lumos Diagnostics Holdings Limited
Notes to the financial statements
31 December 2022

Note 1. General information

The financial statements cover Lumos Diagnostics Holdings Limited as a consolidated entity consisting of Lumos Diagnostics Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in US dollars, which is Lumos Diagnostics Holdings Limited's presentation currency. The functional currency for Lumos Diagnostics Holdings Limited is Australian dollar.

Lumos Diagnostics Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 4, 96-100 Albert Road South Melbourne VIC 3205 Australia	2724 Loker Ave West Carlsbad, California 92010 USA

A description of the nature of the consolidated entity'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 24 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

Going concern

As disclosed in the financial statements, the consolidated entity incurred a loss of \$6,564,000 and had net cash outflows from operating activities of \$5,935,000, for the six months ended 31 December 2022. As at that date the consolidated entity had net current liabilities of \$4,526,000.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

Note 2. Significant accounting policies (continued)

- As detailed in note 8, the consolidated entity has executed convertible note agreements, in accordance with which A\$3,798,000, net of costs, was received on 5 January 2023. This is Tranche 1 of the convertible notes, and there is an additional A\$4,000,000 (before costs) available under Tranche 2, subject to the Company's capital needs and mutual agreement between the Company and the investors;
- Management continues to assess and identify operating and capital expenditures which may be optimised and which accordingly will reduce the expense base, capital expenditure and monthly cash outflows of the group;
- The group continues to explore revenue growth opportunities, across its commercial services business, contract manufacturing, and Lumos branded products, including FebriDx and ViraDx in the US;
- The group completed its presubmission meeting with the FDA in January 2023 to discuss the requirements for a potential future regulatory submission for FebriDx. The feedback from this meeting indicated that Lumos' existing clinical and performance data for FebriDx may be sufficient to support a new 510(k) application to the FDA with less broad claims for the test. Based on this feedback, Lumos intends to submit a new 510(k) application for FebriDx in the US, and if successful this will allow commercialisation activities in the US to commence; and
- the consolidated entity has identified and is exploring a number of funding sources which it expects will be able to be accessed when required.

The Directors will continue to monitor the ongoing funding requirements of the consolidated entity.

As a consequence of the above, the directors believe that, notwithstanding the consolidated entity's operating results for the half year, the consolidated entity will be able to continue as a going concern for the foreseeable future and therefore Directors consider it is appropriate to prepare the financial statements on a going concern basis.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

All other accounting policies are consistent with those adopted in the annual financial report for the year ended 30 June 2022.

New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity has one operating segment, being the provision of point of care diagnostics goods and services, however it operates across two geographical regions, being the United States and Australia. The 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 Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Geographical information

	Geographical non-current			
	Sales to external customers		assets	
	31 December	31 December	31 December	30 June
	2022	2021	2022	2022
	US\$'000	US\$'000	US\$'000	US\$'000
United States	5,024	4,978	7,825	11,153
Australia	63	224	11,844	12,345
	<u>5,087</u>	<u>5,202</u>	<u>19,669</u>	<u>23,498</u>

Lumos Diagnostics Holdings Limited
Notes to the financial statements
31 December 2022

Note 4. Revenue

	Consolidated	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Services income	4,946	4,670
Sales of goods	141	532
	5,087	5,202
	5,087	5,202

Note 5. General and administration expenses

	Consolidated	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Corporate and administration	1,904	3,240
Information technology	233	187
Regulatory	190	75
Medical affairs and quality assurance	100	630
Share based payment (credit)/expense on options granted	(129)	462
Share settled employee expenses	18	-
Other	71	993
	2,387	5,587
	2,387	5,587

Impairment of accounts receivable

Management have undertaken a review of accounts receivable at 31 December 2022, as a result of which the provision for expected credit losses has increased by \$85 thousand. This increase in the provision is based on the ageing of specific receivables being past due and does not preclude the Company's ability to recover these receivables in the future.

Impairment of inventory

Management undertook a review of inventory at 31 December 2022, as a result of which it concluded that the expected net realisable value of inventories was below their carrying value and accordingly recognised an impairment loss of \$542 thousand.

Note 6. Non-current assets - intangibles

	Consolidated	
	31 December 2022	30 June 2022
	US\$'000	US\$'000
Development - at cost	9,978	10,063
Less: Accumulated amortisation	(870)	(670)
Less: Impairment	(1,247)	(1,247)
	7,861	8,146
Intellectual property - at cost	14,960	15,172
Less: Accumulated amortisation	(514)	(491)
Less: Impairment	(10,300)	(10,300)
	4,146	4,381
	12,007	12,527

Note 6. Non-current assets - intangibles (continued)

Impairment of intangibles

All intangible assets are assessed at each reporting period for indicators of impairment. Lumos operates as a single operating segment and cash generating unit being 'provision of point of care diagnostics goods and services'. Intangible assets with an indefinite useful life, or not yet ready for use, are assessed for impairment under this cash generating unit.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections for the next five years. The cash flows are discounted using estimated discount rate based on Capital Asset Pricing Model adjusted to incorporate risks associated with the Point of Care Diagnostics segment.

Management has based the value-in-use calculations on five-year forecasts and a terminal value of the Point of Care Diagnostics business. Revenue has been projected based on the below mentioned assumptions. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are pre-tax and reflect risks associated with the Point of Care Diagnostics business.

The following assumptions were used in the value-in-use-calculations:

- (a) Revenue growth for year 1 is 4% and for the following 4 years the revenue growth increases to approximately 20% (CAGR over the 5-year period is 17%). This is derived based on a combination of historical performance references, market outlooks and current expansion and development plans of the business.
- (b) Projected cash flows have been discounted using a pre-tax discount rate of 14.5% (30 June 2022: 14.1%). The pre-tax discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying asset that have been incorporated in the cash flows model. The discount rate calculation is based on the specific circumstances of the CGU, and is derived from its weighted average cost of capital ('WACC'). The WACC includes both cost of debt and equity. The cost of debt is based on the interest-bearing borrowings and convertible note the CGU is obliged to service. The cost of equity is based on the expected return on investment by the consolidated entity's shareholders. In calculation of the cost of equity, management has accounted for the segment-specific risk by applying the beta factor, which is publicly available market data.
- (c) Gross profit margins are forecast to be in a range of 48%-50% (30 June 2022: 48%-50%). This is mainly derived based on historical performance references.
- (d) An annual growth rate of 2.5% (30 June 2022: 2.5%) has been estimated in the calculation of terminal value.

Sensitivity to changes in assumptions:

Any negative movement in the assumptions may generate a further impairment.

Based on the above assumptions, the recoverable amount of the cash generating unit has been determined to be more than its carrying amount as at 31 December 2022.

Note 7. Equity - issued capital

	Consolidated			
	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 US\$'000	30 June 2022 US\$'000
Ordinary shares - fully paid	<u>210,020,431</u>	<u>209,906,446</u>	<u>92,157</u>	<u>92,139</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	US\$'000
Balance	1 July 2022	209,906,446		92,139
Issue of shares to employees of the Company	30 November 2022	<u>113,985</u>	US\$0.1554	<u>18</u>
Balance	31 December 2022	<u>210,020,431</u>		<u>92,157</u>

Lumos Diagnostics Holdings Limited
Notes to the financial statements
31 December 2022

Note 7. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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.

Note 8. Events after the reporting period

On 5 January 2023, execution of Tranche 1 of the convertible notes was completed, with A\$4 million received, less commissions and other expenses, as defined in the Convertible Note Agreements.

In accordance with the terms of the Convertible Note Agreements, 12 million placement shares were issued on 9 January, on a deferred payment basis and 41,666,668 attaching options were issued over fully paid ordinary shares expiring on 8 January 2027, with an exercise price of A\$0.072 (7.2 Australian cents) per fully paid ordinary share.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 9. Loss per share

	Consolidated	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Loss after income tax attributable to the owners of Lumos Diagnostics Holdings Limited	<u>(6,564)</u>	<u>(11,088)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>209,925,640</u>	<u>150,253,355</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>209,925,640</u>	<u>150,253,355</u>
	US\$ Cents	US\$ Cents
Basic loss per share	(3.13)	(7.38)
Diluted loss per share	(3.13)	(7.38)

Note 10. Share-based payments

The Company has an Employee Share Option Plan which have been established to encourage employees of the consolidated entity and its subsidiaries, including directors, to share in the ownership of the consolidated entity and its subsidiaries, in order to promote their long-term success. The Plans offer selected employees of the consolidated entity and its subsidiaries, including directors, an opportunity to share in the growth and profits of the consolidated entity and its subsidiaries alongside the consolidated entity's shareholders.

During the six-month period ended 31 December 2022, there was 17,637,050 options issued to the employees of the Company (December 2021: 3,669,424) at a fair value of \$504,101 (December 2021: \$100,000).

During the year ended 31 December 2022, a credit of \$129,000 (2021: \$462,000 expense) in share based payments was recognised in respect of options granted.

The following tables illustrate the movements in options, during the current period ended 31 December 2022, and comparative period ended 31 December 2021.

Lumos Diagnostics Holdings Limited
Notes to the financial statements
31 December 2022

Note 10. Share-based payments (continued)

	Number of options 31 December 2022	Number of options 31 December 2021
Outstanding at the beginning of the financial half-year	13,893,475	10,694,140
Granted	17,637,050	3,669,424
Exercised	-	-
Forfeited & lapsed	(9,509,181)	(137,229)
	<u>22,021,344</u>	<u>14,226,335</u>
Outstanding at the end of the financial half-year	<u>22,021,344</u>	<u>14,226,335</u>

**31 December
2022**

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Forfeited	Balance at the end of the period
12/08/2019	12/08/2026	US\$0.3850	8,513,988	-	-	(5,547,549)	2,966,439
04/11/2019	04/11/2026	US\$0.3920	457,431	-	-	(457,431)	-
02/03/2020	02/03/2027	US\$0.3700	320,202	-	-	(320,202)	-
04/03/2020	04/03/2027	US\$0.3740	137,229	-	-	(137,229)	-
01/10/2020	01/10/2027	US\$0.4080	728,602	-	-	(728,602)	-
30/11/2020	01/10/2027	US\$0.4190	125,000	-	-	(125,000)	-
30/09/2021	01/06/2024	US\$0.9010	120,000	-	-	-	120,000
24/12/2021	15/11/2026	US\$0.5790	10,000	-	-	-	10,000
24/12/2021	30/06/2025	US\$0.9040	3,159,513	-	-	(1,778,015)	1,381,498
01/04/2022	30/06/2025	US\$0.9346	321,514	-	-	(16,973)	304,541
15/07/2022	18/07/2029	US\$0.0417	-	7,500,000	-	-	7,500,000
25/08/2022	26/08/2027	US\$0.0417	-	2,995,000	-	-	2,995,000
30/11/2022	26/08/2027	US\$0.0300	-	2,246,500	-	-	2,246,500
29/08/2022	31/08/2026	US\$0.0377	-	2,503,728	-	(308,184)	2,195,544
29/08/2022	28/02/2026	US\$0.0377	-	105,000	-	(90,000)	15,000
12/12/2022	11/12/2027	US\$0.0300	-	1,036,822	-	-	1,036,822
29/08/2022	31/08/2027	US\$0.0377	-	250,000	-	-	250,000
23/09/2022	31/08/2022	US\$0.0400	-	1,000,000	-	-	1,000,000
			<u>13,893,479</u>	<u>17,637,050</u>	<u>-</u>	<u>(9,509,185)</u>	<u>22,021,344</u>

**31 December
2021**

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Forfeited	Balance at the end of the period
12/08/2019	12/08/2026	US\$0.385	8,925,676	-	-	-	8,925,676
04/11/2019	04/11/2026	US\$0.392	457,431	-	-	-	457,431
02/03/2020	02/03/2027	US\$0.370	320,202	-	-	-	320,202
04/03/2020	04/03/2027	US\$0.374	137,229	-	-	(137,229)	-
01/10/2020	01/10/2027	US\$0.408	728,602	-	-	-	728,602
30/11/2020	01/10/2027	US\$0.419	125,000	-	-	-	125,000
30/09/2021	01/06/2024	US\$0.901	-	120,000	-	-	120,000
24/12/2021	15/11/2026	US\$0.579	-	10,000	-	-	10,000
24/12/2021	30/06/2025	US\$0.904	-	3,539,424	-	-	3,539,424
			<u>10,694,140</u>	<u>3,669,424</u>	<u>-</u>	<u>(137,229)</u>	<u>14,226,335</u>

Lumos Diagnostics Holdings Limited
Notes to the financial statements
31 December 2022

Note 10. Share-based payments (continued)

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected Volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date
15/07/2022	18/07/2029	US\$0.0417	US\$0.0287	70.58%	-	3.28%	US\$0.0160
25/8/2022	26/8/2027	US\$0.0417	US\$0.0409	70.58%	-	3.28%	US\$0.0254
30/11/2022	26/8/2027	US\$0.0300	US\$0.0395	70.58%	-	3.28%	US\$0.0181
29/08/2022	31/08/2026	US\$0.0377	US\$0.0404	70.58%	-	3.48%	US\$0.0229
29/08/2022	28/02/2026	US\$0.0377	US\$0.0404	70.58%	-	3.48%	US\$0.0190
29/08/2022	31/08/2027	US\$0.0377	US\$0.0404	70.58%	-	3.48%	US\$0.0224
23/09/2022	31/08/2027	US\$0.0400	US\$0.0390	70.58%	-	3.72%	US\$0.0243
12/12/2022	11/12/2027	US\$0.0300	US\$0.0314	70.58%	-	3.18%	US\$0.0250

Lumos Diagnostics Holdings Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'S. Lanyon', written over a horizontal line.

Samuel Lanyon
Non-Executive Chair

24 February 2023

Lumos Diagnostics Holdings Limited Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Lumos Diagnostics Holdings Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lumos Diagnostics Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the half-year financial report, which indicates that the consolidated entity incurred a net loss of US\$6,564,000, and had net cash outflows from operating activities of US\$5,935,000 for the six months ended 31 December 2022. As at that date the consolidated entity had net current liabilities of US\$4,526,000. As stated in Note 2, these events or conditions, indicate that a material

uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of Management for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director

Melbourne, 24 February 2023