

**PRESTIGE BIOPHARMA LIMITED
AND ITS SUBSIDIARIES**

FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

**PRESTIGE BIOPHARMA LIMITED
AND ITS SUBSIDIARIES**

FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

Contents

	Page
Directors' Statement	1
Independent Auditor's Report	4
Consolidated Statement of Comprehensive Income	9
Statement of Comprehensive Income - Company	10
Consolidated Statement of Financial Position	11
Statement of Financial Position - Company	12
Consolidated Statement of Changes in Equity	13
Statement of Changes in Equity - Company	15
Consolidated Statement of Cash Flows	17
Statement of Cash Flows - Company	18
Notes to the Financial Statements	19

Prestige Biopharma Limited and its subsidiaries

Directors' Statement

For the financial year ended June 30, 2022

The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended June 30, 2022 and financial statements of the Company as at June 30, 2022.

In the opinion of the directors,

- (a) the financial statements of the Company and the consolidated financial statements of the Group as set out on pages 9 to 91 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at June 30, 2022, the financial performance, cash flows and the changes in equity of the Company and of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Park Soyeon
 Kim Michael Jinwoo
 Tay Lai Wat
 Oh Seung Joo
 Bang Kue Ho
 Lee Eui Kyung
 Lee Kok Fatt
 Jeon Kyunghee

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of <u>director or nominee</u>		Holdings in which director is deemed <u>to have an interest</u>	
	<u>At</u>	<u>At</u>	<u>At</u>	<u>At</u>
	<u>June 30, 2022</u>	<u>July 1, 2021</u>	<u>June 30, 2022</u>	<u>July 1, 2021</u>
Prestige Biopharma Limited				
<u>(No. of ordinary shares)</u>				
Park Soyeon	1,851,256	1,837,445	2,602,074	2,519,135
Kim Michael Jinwoo	1,795,720	1,781,890	2,602,074	2,519,135
Jeon Kyunghee	350	350	-	-

Prestige Biopharma Limited and its subsidiaries
Directors' Statement
For the financial year ended June 30, 2022

Directors' interests in shares or debentures (continued)

- (b) According to the register of directors' shareholdings, a director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Employee Share Option Plan as set out below and under "Share options".

	No. of unissued ordinary shares under option	
	At June 30, 2022	At July 1, 2021
<u>2020 Options</u>		
Tay Lai Wat	11,252	11,252

Share options

(a) Employee Share Option Plan

On May 21, 2020, the shareholders of the Company approved the Employee Share Option Plan (the "Plan") and authorised the board of directors to grant share options in compliance with the rules set out in the "Plan", the Companies Act of Singapore and the Korea Exchange.

On November 9, 2020, options to subscribe for 337,669 ordinary shares in the Company at an exercise price of \$90 per ordinary share were granted pursuant to the Plan ("2020 Options").

The vesting of the options is conditional upon employees remaining in employment of the Company on the dates in which the share options vest, performance evaluation scores and certain other non-market performance conditions such as obtaining regulatory approvals on specific products. Once they have vested, the options are exercisable over a period of 10 years from the grant date.

No options are exercisable at the balance sheet date. The weighted average fair value of options granted on November 9, 2020, determined using the Black-Scholes option pricing model was \$91.38.

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to Employee Share Option Plan outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at June 30, 2022	Exercise price	Exercise period
2020 Options	168,373	\$90	February 5, 2022 – November 9, 2030

Prestige Biopharma Limited and its subsidiaries

Directors' Statement

For the financial year ended June 30, 2022

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

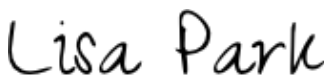
Lee Eui Kyung (Chairman)
Lee Kok Fatt
Jeon Kyunghee

All members of the Audit Committee were independent non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended June 30, 2022 before their submission to the Board of Directors.

On behalf of the directors



Lisa Soyeon Park
Park Soyeon
28 Sep 2022, 16:27:06, SGT
Director



Lai Wat Tay
Tay Lai Wat
28 Sep 2022, 16:57:21, SGT
Director

28 September 2022

Independent Auditor's Report to the Members of Prestige Biopharma Limited

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Prestige Biopharma Limited ("the Company") and its subsidiaries ("the Group") and the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at June 30, 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended June 30, 2022;
- the statement of comprehensive income of the Company for the financial year ended June 30, 2022;
- the consolidated statement of financial position of the Group as at June 30, 2022;
- the statement of financial position of the Company as at June 30, 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Company for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent Auditor's Report to the Members of Prestige Biopharma Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year ended June 30, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Impairment of intangible assets</u></p> <p>As at 30 June 2022, intangible assets of the Group amounted to USD 50.5m, net of impairment losses of 60.5m in respect of HD201 (Note 13).</p> <p>As described in Note 3(a) to the financial statements, management is required to perform an assessment for impairment of intangible assets that are not yet subject to amortisation at the end of each reporting period, or more frequently if there are any indications that the intangible assets may be impaired. Management has identified each biosimilar as a separate cash generating unit ("CGU"). The recoverable amount of each CGU has been determined based on value-in-use ("VIU") calculations.</p> <p>The assessment for impairment of intangible assets involves significant judgement in establishing the reasonableness of the significant assumptions used in the VIU calculations. These significant assumptions include the discount rate, forecasted sales volumes and the expected date of obtaining marketing authorisation.</p>	<p>Our audit procedures to address the key audit matter included the following procedures:</p> <ul style="list-style-type: none"> Reviewed the valuation report prepared by the external valuer; Assessed the reasonableness of the significant assumptions used in the VIU calculation for each CGU, which include the discount rate, forecasted sales volumes and the expected date of obtaining marketing authorisation, by reference to external sources of information, signed distribution agreements, correspondences with distributors and regulatory authorities and approved financial budgets, where applicable; Involved our valuation specialists to assist us in reviewing the appropriateness of the discount rate that has been applied to the valuation model used by management; Compared the current year's outcome with the prior year's projections and considered whether the reasons for differences, if any, have been updated in the projections used at the end of the financial year, where necessary; and Evaluated management's sensitivity analysis and related disclosures included in Note 3(a) to the financial statements.
<p><u>Expected credit losses on loan to a related party</u></p> <p>As at 30 June 2022, a loan to a related party amounting to USD 108.5 million, was subject to an allowance for impairment of expected credit loss of USD 51.0 million (Note 9). The net book amount of USD 57.5 million represents 15% of the total assets of the Group as at 30 June 2022.</p>	<p>Our audit procedures to address the key audit matter included the following procedures:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the expected credit loss model applied by management; Discussed with management to understand the key assumptions used in its projections of the cashflows of the related party;

Independent Auditor's Report to the Members of Prestige Biopharma Limited

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Expected credit losses on loan to a related party (continued)</u></p> <p>As described in Note 3(b) to the financial statements, management has determined that expected credit losses should be recognised on the loan to the related party. The determination of expected credit losses on the loan is highly subjective due to significant judgement over the key assumptions applied by management in projecting the cashflows that will be generated by the related party and in determining the probability applied to each cash flow scenario. These key assumptions include sales amount of the related party, which is derived from estimates over the plant utilisation rate and plant capacity and sales price, as well as the margin the related party can achieve from its contract manufacturing activities.</p> <p>As a result of the significance of the loan balance and the estimation uncertainty over the projected cashflows which can be generated by the related party, this is identified as a key audit matter.</p>	<ul style="list-style-type: none"> Corroborated the key assumptions used by management to project the future cash flows of the related party with supporting documentation such as externally published information on comparable companies, where available; Assessed the reasonableness of the discount rate based on the terms of the loan agreement between the Company and the related party; <p>Evaluated management's sensitivity analysis and related disclosures included in Note 3 and Note 4.1.2 to the financial statements.</p>

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

Independent Auditor's Report to the Members of Prestige Biopharma Limited

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 SSAs 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 management.
- Conclude on the appropriateness of management's 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 statements 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.

Independent Auditor's Report to the Members of Prestige Biopharma Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent 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 consolidated financial statements. 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements 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 Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Peter Low.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 September 2022

Prestige Biopharma Limited and its subsidiaries
Consolidated Statement of Comprehensive Income
For the financial year ended June 30, 2022

<i>(in USD)</i>	Notes	2022 \$	2021 \$ (Restated)
Revenue	23	-	-
Operating expenses			
- Employee compensation		(5,497,496)	(3,298,601)
- Contributions to defined benefit plan		(580,202)	(319,818)
- Employee benefits		(418,204)	(48,301)
- Share option	22	(3,142,048)	(2,601,063)
- Depreciation	11	(3,218,276)	(1,467,794)
- Research and development		(12,096,441)	(5,911,912)
- Legal, regulatory, and professional		(3,258,621)	(1,757,151)
- Impairment loss on loan receivables	9	(51,010,087)	-
- Impairment loss on intangible assets	13	(60,451,836)	-
- Impairment loss on other assets	10	(2,419,200)	-
- Impairment loss on inventory	8	(18,399,813)	-
- Fair value loss on financial asset at fair value through profit or loss	14	(15,790,891)	-
- Other expenses	26	(2,486,066)	(1,157,116)
Finance income	25	4,833,547	949,665
Finance costs	25	(3,902,414)	(4,883,260)
Other income			
- Fair value gain on financial asset at fair value through profit or loss	14	-	13,276,504
- Others	26	2,453,204	742,234
Loss before income tax		(175,384,844)	(6,476,613)
Income tax expense	27	(666,624)	(30,000)
Loss for the year		(176,051,468)	(6,506,613)
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences	21	(3,707,536)	(623,803)
Total comprehensive loss for the year		(179,759,004)	(7,130,416)
Total comprehensive loss attributable to owners		(179,759,004)	(7,130,416)
Basic loss per share	28	(14.65)	(0.63)
Diluted loss per share	28	(14.65)	(0.63)

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Statement of Comprehensive Income - Company
For the financial year ended June 30, 2022

<i>(in USD)</i>	Notes	2022 \$	2021 \$ (Restated)
Revenue	23	-	-
Other operating expenses			
- Employee compensation		(3,648,546)	(3,232,521)
- Contributions to defined benefit plan		(475,967)	(316,268)
- Employee benefits		(112,989)	(45,676)
- Share option	22	(3,142,048)	(2,601,063)
- Depreciation	11	(2,206,381)	(1,435,233)
- Research and development		(6,071,008)	(5,571,970)
- Legal, regulatory, and professional		(2,840,969)	(1,533,296)
- Impairment loss on loan receivables	9	(51,010,087)	-
- Impairment loss on intangible assets	13	(57,940,563)	-
- Impairment loss on other assets	10	(2,419,200)	-
- Fair value loss on financial asset at fair value through profit or loss	14	(15,790,891)	-
- Others	26	(1,387,022)	(1,047,710)
Finance income	25	3,773,844	1,037,489
Finance costs	25	(2,492,474)	(4,839,150)
Other income			
- Fair value gain on financial asset at fair value through profit or loss	14	-	13,276,504
- Others	26	2,210,132	742,196
Loss before income tax		(143,554,169)	(5,566,698)
Income tax expense	27	(650,502)	(30,000)
Loss for the year / Total comprehensive loss for the year		(144,204,671)	(5,596,698)
Total comprehensive loss attributable to owners		(144,204,671)	(5,596,698)

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Consolidated Statement of Financial Position
As at 30 June 2022

<i>(in USD)</i>	Notes	30 June 2022 \$	30 June 2021 \$ (Restated)	30 June 2020 \$ (Restated)
Assets				
Current assets				
Cash and cash equivalents	7	207,789,089	406,172,675	38,291,197
Inventories	8	1,668,303	-	-
Trade and other receivables	9	26,163,430	334,233	1,089,852
Other assets	10	5,361,187	516,882	2,104,234
		<u>240,982,009</u>	<u>407,023,790</u>	<u>41,485,283</u>
Non-current assets				
Trade and other receivables	9	52,763,000	566,470	238,922
Other assets	10	7,644,089	4,080,132	1,184,000
Property, plant and equipment	11	29,655,955	5,696,871	3,763,401
Intangible assets	13	50,516,135	96,480,516	79,129,417
Financial asset at fair value through profit or loss	14	5,021,878	20,812,769	7,536,265
		<u>145,601,057</u>	<u>127,636,758</u>	<u>91,852,005</u>
Total assets		<u>386,583,066</u>	<u>534,660,548</u>	<u>133,337,288</u>
Liabilities				
Current liabilities				
Lease liabilities	12	1,232,409	1,173,801	366,723
Trade and other payables	16	9,732,297	5,057,111	5,579,309
Other liabilities	17	21,361,182	3,157,100	1,113,865
Borrowings	18	-	2,542,500	-
Contract liabilities	23	-	500,000	-
		<u>32,325,888</u>	<u>12,430,512</u>	<u>7,059,897</u>
Non-current liabilities				
Lease liabilities	12	2,054,201	3,160,511	1,965,862
Trade and other payables	16	-	-	51,017
Other liabilities	17	17,010,000	-	10,768
Deferred income	19	2,006,923	2,104,787	1,833,811
Contract liabilities	23	650,000	8,150,000	7,650,000
		<u>21,721,124</u>	<u>13,415,298</u>	<u>11,511,458</u>
Total liabilities		<u>54,047,012</u>	<u>25,845,810</u>	<u>18,571,355</u>
Equity				
Share capital	20	525,727,248	525,727,248	127,241,958
Capital contribution	21	5,549,899	5,549,899	5,549,899
Foreign currency translation reserve	21	(4,125,615)	(418,079)	205,724
Share option reserve	22	6,174,251	2,693,931	-
Accumulated losses		<u>(200,789,729)</u>	<u>(24,738,261)</u>	<u>(18,231,648)</u>
Total equity attributable to equity holders of the Company		<u>332,536,054</u>	<u>508,814,738</u>	<u>114,765,933</u>
Total liabilities and equity		<u>386,583,066</u>	<u>534,660,548</u>	<u>133,337,288</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Statement of Financial Position - Company
For the financial year ended 30 June 2022

<i>(in USD)</i>	Notes	30 June 2022 \$	30 June 2021 \$ (Restated)	30 June 2020 \$ (Restated)
Assets				
Current assets				
Cash and cash equivalents	7	161,611,697	390,799,432	37,812,239
Trade and other receivables	9	16,569,353	170,472	1,066,497
Other assets	10	2,205,110	230,150	1,148,382
		<u>180,386,160</u>	<u>391,200,054</u>	<u>40,027,118</u>
Non-current assets				
Trade and other receivables	9	57,780,888	6,410,078	5,109,657
Other assets	10	64,000	1,264,000	1,184,000
Property, plant and equipment	11	4,695,548	4,913,410	3,763,401
Intangible assets	13	46,831,521	90,555,863	73,581,225
Financial asset at fair value through profit or loss	14	5,021,878	20,812,769	7,536,265
Investments in subsidiaries	15	105,532,715	20,532,715	92,715
		<u>219,926,550</u>	<u>144,488,835</u>	<u>91,267,263</u>
Total assets		<u>400,312,710</u>	<u>535,688,889</u>	<u>131,294,381</u>
Liabilities				
Current liabilities				
Lease liabilities	12	948,925	1,048,001	366,723
Trade and other payables	16	7,279,815	9,349,354	5,303,884
Other liabilities	17	19,903,582	3,127,909	1,111,270
Contract liabilities	23	-	500,000	-
		<u>28,132,322</u>	<u>14,025,264</u>	<u>6,781,877</u>
Non-current liabilities				
Lease liabilities	12	1,837,359	3,096,245	1,965,862
Trade and other payables	16	-	-	51,017
Contract liabilities	23	650,000	8,150,000	7,650,000
Other liabilities	17	-	-	10,768
		<u>2,487,359</u>	<u>11,246,245</u>	<u>9,677,647</u>
Total liabilities		<u>30,619,681</u>	<u>25,271,509</u>	<u>16,459,524</u>
Equity				
Share capital	20	525,727,248	525,727,248	127,241,958
Capital contribution	21	5,549,899	5,549,899	5,549,899
Share option reserve	22	6,174,251	2,693,931	-
Accumulated losses		<u>(167,758,369)</u>	<u>(23,553,698)</u>	<u>(17,957,000)</u>
Total equity attributable to equity holders of the Company		<u>369,693,029</u>	<u>510,417,380</u>	<u>114,834,857</u>
Total liabilities and equity		<u>400,312,710</u>	<u>535,688,889</u>	<u>131,294,381</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2022

(in USD)

(in USD)

		Attributable to equity holders of the Company					
	Notes	Share capital	Capital contribution	Foreign currency translation reserve	Share option reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$	\$
Group							
Balance at 1 July 2021		525,727,248	5,549,899	(418,079)	2,693,931	(24,738,261)	508,814,738
Loss for the year		-	-	-	-	(176,051,468)	(176,051,468)
Other comprehensive loss							
Foreign currency translation differences	21	-	-	(3,707,536)	-	-	(3,707,536)
Total comprehensive loss for the year		-	-	(3,707,536)	-	(176,051,468)	(179,759,004)
Transactions with owners							
Employee share option plan							
Value of employee services	22	-	-	-	3,480,320	-	3,480,320
Total transactions with owners		-	-	-	3,480,320	-	3,480,320
Balance at 30 June 2022		525,727,248	5,549,899	(4,125,615)	6,174,251	(200,789,729)	332,536,054

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2022

(in USD)

	Notes	Attributable to equity holders of the Company					Total equity \$
		Share capital \$	Capital contribution \$	Foreign currency translation reserve \$	Share option reserve \$	Accumulated losses \$	
Balance at 1 July 2020		127,241,958	5,549,899	205,724	-	(18,231,648)	114,765,933
Loss for the year		-	-	-	-	(6,506,613)	(6,506,613)
Other comprehensive loss							
Foreign currency translation differences	21	-	-	(623,803)	-	-	(623,803)
Total comprehensive loss for the year		-	-	(623,803)	-	(6,506,613)	(7,130,416)
Transactions with owners							
Issuance of new shares	20(a)	410,326,086	-	-	-	-	410,326,086
Share issue expenses	20(b)	(11,840,796)	-	-	-	-	(11,840,796)
Employee share option scheme							
- Value of employee services	22	-	-	-	2,693,931	-	2,693,931
Total transactions with owners		398,485,290	-	-	2,693,931	-	401,179,221
Balance at 30 June 2021		525,727,248	5,549,899	(418,079)	2,693,931	(24,738,261)	508,814,738

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Statement of Changes in Equity - Company
For the financial year ended 30 June 2022

(in USD)

(in USD)

		Attributable to equity holders of the Company				
	Notes	Share capital \$	Capital contribution \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Company						
Balance at 1 July 2021		525,727,248	5,549,899	2,693,931	(23,553,698)	510,417,380
Loss for the period, representing total comprehensive loss for the period		-	-	-	(144,204,671)	(144,204,671)
Transactions with owners						
Employee share option plan						
Value of employee services	22	-	-	3,480,320	-	3,480,320
Total transactions with owners		-	-	3,480,320	-	3,480,320
Balance at 30 June 2022		525,727,248	5,549,899	6,174,251	(167,758,369)	369,693,029

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Statement of Changes in Equity - Company
For the financial year ended 30 June 2022

(in USD)

	Notes	Attributable to equity holders of the Company				
		Share capital \$	Capital contribution \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Company						
Balance at 1 July 2020		127,241,958	5,549,899	-	(17,957,000)	114,834,857
Loss for the period		-	-	-	(5,596,698)	(5,596,698)
Transactions with owners						
Issuance of new shares	20(a)	410,326,086	-	-	-	410,326,086
Share issue expenses	20(b)	(11,840,796)	-	-	-	(11,840,796)
Employee share option scheme						
- Value of employee services	22	-	-	2,693,931	-	2,693,931
Total transactions with owners		398,485,290	-	2,693,931	-	401,179,221
Balance at 30 June 2021		525,727,248	5,549,899	2,693,931	(23,553,698)	510,417,380

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Consolidated Statement of Cash Flows
As at 30 June 2022

<i>(in USD)</i>	Notes	30 June 2022 \$	30 June 2021 \$ (Restated)
Cash flows from operating activities			
Cash used in operations	29	(42,273,671)	(13,712,486)
Interest received		2,271,920	144,223
Foreign withholding tax paid		(542,959)	(30,000)
Net cash used in operating activities		<u>(40,544,710)</u>	<u>(13,598,263)</u>
Cash flows from investing activities			
Deferred income received		-	1,033,079
Government grant received		17,010,000	-
Additions to property, plant and equipment		(46,980,732)	(835,550)
Proceeds from disposal of property, plant and equipment		22,003,833	-
Additions to intangible assets		(11,505,335)	(15,108,878)
Interest payment of lease liabilities capitalised		(372,750)	(420,338)
Advanced payments for purchase of property, plant and equipment		(4,763,957)	-
Additions to other receivables		(21,081,860)	(3,078,537)
Loan to a related party		(110,000,000)	-
Repayment of loan by a related party		1,500,000	-
Net cash used in investing activities		<u>(154,190,801)</u>	<u>(18,410,224)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	2,437,695
Repayments of borrowings		(2,426,855)	(429,007)
Issuance of shares		-	410,326,086
Share issuance expenses capitalised against share capital		-	(11,840,796)
Interest paid		-	-
Principal payment of lease liabilities		(1,310,360)	(359,678)
Net cash (used in)/provided by financing activities		<u>(3,737,215)</u>	<u>400,134,300</u>
Net (decrease)/increase in cash and cash equivalents		(198,472,726)	368,125,813
Cash and cash equivalents at the beginning of the period		406,172,675	38,291,197
Effects of exchange rate changes on cash and cash equivalents		89,140	(244,335)
Cash and cash equivalents at the end of the period		<u>207,789,089</u>	<u>406,172,675</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Statement of Cash Flows – Company
For the financial year ended 30 June 2022

<i>(in USD)</i>	Notes	30 June 2022 \$	30 June 2021 \$ (Restated)
Cash flows from operating activities			
Cash used in operations	29	(6,790,073)	(12,815,100)
Interest received		3,345,668	204,577
Foreign withholding tax paid		(542,959)	(30,000)
Net cash used in operating activities		<u>(3,987,364)</u>	<u>(12,640,523)</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(2,156,360)	(587,927)
Additions to intangible assets		(11,260,494)	(14,732,417)
Investment in subsidiaries		(90,000,000)	(15,440,000)
Interest payment of lease liabilities capitalised		(347,371)	(420,338)
Loans to related parties		(165,000,000)	(332,572)
Disposal of other assets		-	(184,251)
Repayment of loan by a related party		46,500,000	-
Net cash used in investing activities		<u>(222,264,225)</u>	<u>(31,697,505)</u>
Cash flows from financing activities			
Repayments of borrowings		-	(429,007)
Issuance of shares		-	410,326,086
Share issuance expenses capitalised against share capital		-	(11,840,796)
Principal payment of lease liabilities		(939,019)	(359,678)
Net cash (used in)/provided by financing activities		<u>(939,019)</u>	<u>397,696,605</u>
Net (decrease)/increase in cash and cash equivalents		(227,190,608)	353,358,577
Cash and cash equivalents at the beginning of the period		390,799,432	37,812,239
Effects of exchange rate changes on cash and cash equivalents		(1,997,127)	(371,384)
Cash and cash equivalents at the end of the period		<u>161,611,697</u>	<u>390,799,432</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Prestige Biopharma Limited (the "Company") was incorporated in the Republic of Singapore. The address of its registered office is 21 Biopolis Road, #04-24/28 Nucleos South Building, Biopolis, Singapore 138567. The principal activities are those relating to research, development and marketing of new antibody therapeutics, biosimilars and other pharmaceutical products.

On 5 February 2021, the shares of the Company were listed and admitted for trading on the Korea Exchange KOSPI Market. As at 30 June 2022, the composition of the Company's shareholders is as follows:

Shareholder Name	Number of shares	Equity holding (%)
Mayson Partners Pte. Ltd.*	2,602,074	21.65%
Soyeon Park	1,851,256	15.40%
Octava Fund limited	1,897,787	15.79%
Michael Jinwoo Kim	1,795,720	14.94%
Other shareholders (individually not substantial)	3,872,394	32.22%
	<u>12,019,231</u>	<u>100%</u>

*Soyeon Park and Michael Jinwoo Kim each hold 50% shareholdings in Mayson Partners Pte Ltd

The financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") comprise the consolidated statement of financial position as of 30 June 2022, consolidated statement of comprehensive income for the year ended 30 June 2022, and the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended.

The financial statements of the Company comprise the statement of financial position as of 30 June 2022, statement of comprehensive income for the year ended 30 June 2022, statement of changes in equity and statement of cash flows for the year then ended.

The principal activities of the subsidiaries of the Company are disclosed in Note 1.1.

1.1 Subsidiaries

Details of the subsidiaries included in the consolidated financial statements as at 30 June 2022 and 2021 are as follows:

		30 June 2022 Ownership interest held by the Group (%)	30 June 2021 Ownership interest held by the Group (%)	Financial year end	Principal activities
Prestige Biopharma Australia Pty Ltd	Australia	100	100	June	Scientific Research Studies
Prestige Biopharma Belgium BVBA	Belgium	100*	100*	June	Scientific Research Studies
Prestige Biopharma USA Inc.	USA	100	100	June	Scientific Research Studies
Prestige Biopharma Korea Co., Ltd	Korea	100	100	June	Scientific Research Studies

*1% of the interest was held in trust on behalf of the Company by a director of the Company

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements requires the use of certain critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for annual reporting periods commencing 1 July 2021 which have not been early adopted by the Group as set out below.

Classification of Liabilities as Current or Non-current – Amendments to FRS 1 (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to FRS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendments also clarify what FRS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The amendments are not expected to have a significant impact on the financial statements.

Definition of Accounting Estimates - Amendments to FRS 8 (effective for annual periods beginning on or after 1 January 2023)

The amendments to FRS 8 introduced the definition of accounting estimates and included other amendments to FRS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments are not expected to have a significant impact on the financial statements.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with FRS 110 *Consolidated Financial Statements*.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards.

Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in United States Dollar ("USD"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Monetary items include primarily financial assets (other than equity instruments), contract assets and financial liabilities.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting foreign currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These foreign currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.5 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.6 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss, and
- Amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Equity investments are classified as fair value through profit or loss with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income/(operating expenses)", except for those equity securities which are not held for trading. Dividend income from such investments continue to be recognised in profit or loss as 'other income' when the right to receive payments is established.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(b) Measurement (continued)

(iii) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4.1.2 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised or derecognised on trade date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

(v) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average cost method, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.8 Property, plant and equipment

Assets under construction are recognised at cost and subsequently carried at cost less accumulated impairment losses. Other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Assets under construction are not depreciated. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Laboratory equipment	3-5 years
Renovation	3-5 years
Tools and equipment	3-5 years
Furniture and fittings	3-5 years
Vehicles	5 years
Right-of-use assets	3-6 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise. On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other income/(operating expenses)".

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.9 Intangible assets

Intangible assets, except for goodwill, are initially recognised at cost, and carried at cost less accumulated amortisation and accumulated impairment losses.

a) Development costs and patents

Development costs (including intellectual property rights) and patents acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation commences when the related product is ready for its intended use or sale. The amortisation period will be over the expected commercial useful life of the products. The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Development costs are the expenditure incurred for development of new antibody therapeutics and biosimilar products. The development stages include pre-clinical trial, phase 1 clinical trial, phase 2 clinical trial (not applicable to biosimilar products), phase 3 clinical trial, request for government approval, and completion of government approval.

Development costs are recognised as intangible assets when all the following criteria are met:

- it is technically feasible to complete the intangible assets so that the assets will be available for use;
- management intends to complete the intangible assets and use or sell the assets;
- there is an ability to use or sell the intangible assets;
- it can be demonstrated how the intangible assets will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or to sell the intangible assets; and
- the expenditure attributable to the intangible assets during its development can be reliably measured.

Other development costs that do not meet the criteria listed above are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent period.

The Group and Company capitalise development costs in relation to the development of biosimilar products upon the commencement of phase 1 clinical trials as the Group and Company have determined that the criteria under FRS 38 Intangible Assets relating to the capitalisation of internally generated intangible assets, including the technical feasibility of the biosimilar products is satisfied.

For new antibody therapeutics, the development costs are capitalised no earlier than the commencement of phase 3 clinical trials and are subject to management's assessment of the probability of securing regulatory approval and commercialisation of the product.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.9 Intangible assets (continued)

a) Development costs and patents (continued)

Research and development costs incurred in the development of biosimilar products prior to the commencement of phase 1 clinical trials, and for new antibody therapeutics no earlier than the commencement of phase 3 clinical trials, are recorded as expenses in profit or loss under "Research and Development".

b) Club membership

Club membership has no expiry date and has been assessed as having an indefinite useful life. Club membership is transferrable and available on an open market. Club membership is initially recognised at cost and carried at cost less any accumulated impairment losses.

c) Software

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

The amortisation period and amortisation method of software are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.10 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.11 Impairment of non-financial assets

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.12 Financial liabilities

The Group classifies non-derivative financial liabilities as financial liabilities carried at amortised cost which are presented as 'trade and other payables', 'other liabilities' and 'borrowings' in the statement of financial position.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.14 Leases (continued)

- **Right-of-use assets**

The Group recognises a right-of-use asset and lease liability at the date on which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

- **Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments include fixed payments (including in-substance fixed payments), less any lease incentive receivables

For a contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for leases and account for these as one single lease component. A lease liability is measured at amortised cost using the effective interest method.

A lease liability is remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

A lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value assets. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.15 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the development of intangible assets. This includes those costs on borrowings acquired specifically for the development of intangible assets, as well as those in relation to general borrowings used to finance the intangible assets.

Where funds are borrowed generally and used for financing intangible assets, the borrowing costs are eligible for capitalisation and can be determined by applying a capitalisation rate to the expenditure on the intangible assets. The capitalisation rate should be the weighted average of the borrowing rates applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of acquiring the intangible assets. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during the period.

2.16 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognised as finance costs in the statement of comprehensive income.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all the attached conditions.

Government grant receivables are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.18 Current and deferred tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.18 Current and deferred tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

The Group recognises a deferred tax liability on all taxable temporary differences associated with investments in subsidiaries except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognises a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis.

2.19 Revenue recognition

(a) Sale of goods

Sales of pharmaceutical products are recognised at point in time when control of the products has transferred to its customer, being when the right to payment accrues, significant risks and rewards of ownership are transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) License fee

The Group grants exclusive rights to distributors to register, market, manufacture, sell or distribute the Group's products in certain territories as specified in the license agreements. Consideration is received subject to the completion of certain milestones. License fees for the right to use the intellectual property are recognised at point in time when the license is granted, and there is substantially no unfulfilled obligation that could affect the functionality of the license. License fees for the distribution rights are recognised over time as the underlying sales are recorded by licensee.

2.20 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

The Group operates defined contribution plans. For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contributions are recognised as employee benefit expense when they are due.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.20 Employee benefits (continued)

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account when new ordinary shares are issued, or to the "treasury shares" account when treasury shares are re-issued to the employees.

2.21 Interest income

Interest income is recognised using the effective interest method and is recognised over time.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. The transaction costs of an equity transaction are accounted for as a deduction from equity only to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

2.23 Segment reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and Chief Operating Officer that makes strategic decisions.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

2.24 Significant changes in the current financial year

(a) Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, workplace closures, movement controls and other measures imposed by the various governments.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 30 June 2022:

- i. The Group has experienced delays in obtaining marketing authorisation and commercialisation of its drugs due to border closures and movement controls. The Group continues to incur losses for the year ended 30 June 2022 as commercialisation of the drugs have yet to commence.
- ii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date in making estimates and judgements on the impairment of intangible assets. The significant estimates and judgements applied on the impairment of intangible assets is disclosed in Note 3(a).

As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

(b) Impact of the conflict between Ukraine and Russia on the global economic outlook

The imposition of economic sanctions by many countries on Russia following its invasion of Ukraine in February 2022 has had an impact on the global economic outlook, and as a result:

- i) The Group has reviewed its existing arrangements with its distributors and are satisfied that based on existing information available, none of its arrangement will be significantly impacted by the change in the economic outlook.
- ii) The Group has also reviewed its technology transfer agreement in relation to the manufacturing of the Sputnik Light Covid-19 vaccine. The technology for the manufacturing of this vaccine is developed by a Russian state-controlled entity. The Group has assessed that the use of the technology for the production of this vaccine would not be impacted by the conflict.

2.25 Approval of issuance of financial statements

The consolidated financial statements for the financial year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Board of Directors of Prestige Biopharma Limited on 28 September 2022.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

3. Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires the Group and the Company to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment assessment of intangible assets

As at 30 June 2022, the Group's and the Company's intangible assets mainly comprise the developments costs and patents related to three biosimilar products: HD201, HD204 and PBP1502. HD201 is a product developed mainly for the treatment of breast cancer, HD204 is a product developed mainly for the treatment of solid tumours and PBP1502 is a product developed mainly for the treatment of autoimmune diseases such as rheumatoid arthritis and psoriasis.

On 19 May 2022, the Group received a notification from European Medicines Agency ("EMA") advising its negative opinion of the Group's application for marketing authorisation of HD201 on the ground that the manufacturing process used during the clinical testing differed from the process for commercial production of HD201. On 23 May 2022, the Group submitted a request for re-examination to EMA and on 20 July 2022, the Group submitted the basis to request for re-examination. Following the notification from EMA, the Group and Company have recognised full impairment charges of \$60,451,836 and \$57,940,563 respectively on intangible assets related to HD201 for the year ended 30 June 2022. On 14 September 2022, the Group withdrew their request for re-examination for marketing authorisation for HD201 which was submitted on 23 May 2022 (Note 34).

The recoverable amounts of the intangible assets related to HD204 have been determined based on value-in-use calculations. The determination of the recoverable amounts requires significant judgement, particularly management's view of the forecasted sales volumes, expected dates of obtaining marketing authorisations and commercialisation and the determination of the annual discount rate that should be applied in order to calculate the present values of the future cash flows. Details in relation to the value-in-use calculations are described below:

- i. Management determined the forecasted sales volumes primarily based on the signed agreements with distributors, ongoing discussions and negotiations with potential distributors and assumptions of certain prospective markets which provide management with a view of the potential sales volumes and market prices of the products being developed. The expected dates of obtaining marketing authorisations and commercialisation are determined by management based on correspondences with regulatory authorities and management's understanding of the drug development status. The pre-tax discount rate that was applied to the forecasted cash flows for the year ended 30 June 2022 was 16.0% (30 June 2021: 15.9%).

In performing the impairment assessment, common overheads are allocated to the CGUs based on certain historic and future expected metrics which include the actual and expected man hours spent for each CGU. If distributors and potential distributors are unable to deliver on the forecasted sales, there would be a further impairment charge on the intangible assets for HD204 and PBP1502.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

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

(a) Impairment assessment of intangible assets (continued)

- ii. The Coronavirus Disease 2019 ("COVID-19") outbreak has had a negative impact on many countries and economies globally and has also resulted in restrictions in movements across the world which has resulted in the Group experiencing delays in obtaining marketing authorisations and commercialisation of its drugs.

Management has included the impact arising from COVID-19 in the key assumptions applied in the impairment assessment of intangible assets by factoring in the expected delays in obtaining marketing authorisations and commercialisation of its drugs in its forecasted revenue.

- iii. Based on the impairment assessment performed by management on 30 June 2022, no impairment charge was deemed necessary on intangible assets related to HD204 and PBP1502.

The sensitivity analysis performed on management's estimates for forecasted sales volumes, the annual discount rate used and the date of obtaining marketing authorisation and commercialisation is as follows:

Key assumptions	Sensitivity	Headroom/(Shortfall)		Total
		HD204 \$	PBP1502 \$	
Forecasted sales volumes	Decrease by 10%	69,723,501	10,865,998	80,589,499
Annual discount rate	Increase by 1%	76,904,578	13,079,555	89,984,133
Date of obtaining marketing authorisation and commercialisation	Delay by a year	61,530,644	9,388,396	70,919,040

The changes in each assumption that will result in an impairment charge with all other variables held constant are as follows:

Key assumptions	Change in assumptions
	HD204 (Decrease by)/ Increase by
Forecasted sales volumes	(51.36%)
Annual discount rate	30.10%

Any reasonable possible delay in obtaining marketing authorization and commercialisation would not result in an impairment charge being necessary.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

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

(b) Expected credit losses on loan to a related party

During the financial year, the Company extended a loan to a related party amounting to \$110,000,000 for the purpose of financing the construction of a building and purchase of equipment for vaccine manufacturing. The loan was partly repaid during the year with a balance of \$108,500,000 as at 30 June 2022. On 25 January 2022, the Company also entered into a contract manufacturing agreement with the related party for the related party to manufacture and supply a product related to the vaccine manufacturing business.

As of 30 June 2022, the related party, which is in the business of contract manufacturing, has yet to commence significant revenue generating activities. The viability of the related party is highly dependent on the Company's ability to commercialise its drugs as the Company is the primary contract manufacturing customer of the related party. Whilst the related party is able to act as a contract manufacturer for other parties, it has yet to secure any significant third party manufacturing contracts, and the Company is currently the primary contract manufacturing customer of the related party.

Manufacturing activities of the related party had been delayed due to delays in the Company obtaining regulatory approval for its drug products, HD201 and HD204. During the financial year, uncertainties have also arisen over the contract manufacturing agreement for the vaccine manufacturing business. Consequently, expected credit losses of \$51,010,087 had been recognised on the Group and Company's loan to the related party in the statements of comprehensive income for the financial year ended 30 June 2022.

In determining the expected credit loss on the loan, management has developed a range of probability weighted scenarios of the expected cash flows of the related party. The expected credit loss under each scenario requires several key assumptions to be made over the related party's cash flows, particularly in relation to the potential sales volume, plant utilisation rate, increase in plant capacity and the margin the related party can achieve from its contract manufacturing activities. Management also used judgement in determining the probability applied to each scenario. The discount rate that was applied to the forecasted cash flows of 4.8% (per annum) was determined based on an aggregate rate of 3.30% (per annum) and the three-month secured overnight financing rate as stated under the loan agreement with the related party.

The most significant assumptions are the plant utilisation rate and the annual increase in plant capacity of the related party which gives rise to the volumes that the factory can produce. For purposes of calculating the expected credit loss, management assumed a gradual build up of the weighted average utilisation rate of up to 40%, and an annual increase in plant capacity with the completion of new factories, resulting in an expected increase in production volumes of the related party year on year.

If the production volumes decrease by 5%, further expected credit loss of \$4,020,774 would be recognised.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

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

(c) Capitalisation of development costs

The Group incurs costs to develop its biosimilar products. Management has applied its judgement and has determined that the criteria under FRS 38 Intangible Assets relating to the capitalisation of internally generated intangible assets is satisfied for a biosimilar product after the commencement of Phase 1 clinical trials in line with the guidelines issued by the Korean Financial Supervisory Commission. As at 30 June 2022, the carrying amount of development costs capitalised at the end of the reporting period was \$49,502,575 (2021: \$96,480,516) (Note 3(a)). If the development of the product is discontinued, these costs will be recognised as expense in profit or loss.

(d) Deferred income

During the financial year ended 30 June 2022, deferred income of \$2,006,923 (2021: \$2,104,787) was recorded by a subsidiary of the Group for a tax incentive in relation to research and development ("R&D") activities performed in the subsidiary's tax jurisdiction. In its application for the R&D tax incentive, management obtained professional advice and has exercised judgement in determining that the subsidiary has fulfilled the relevant criteria to allow it to qualify for and claim the R&D tax incentive. As at 30 June 2022, management has recorded the R&D tax incentive as deferred income in the consolidated statement of financial position.

In subsequent periods, the R&D tax incentive will be credited to profit or loss over the period in which the related development costs (Note 13.1) are amortised to profit or loss. If the final tax outcome pertaining to this R&D tax incentive is different from the amounts initially recognised, such differences will impact the deferred income, cash and cash equivalents and other receivables in the period in which such determination is made.

(e) Employee share option plan

The Group and the Company recorded a share option reserve of \$6,174,251 (Note 22) for employee services received in exchange for the grant of share options. The number of shares under options that are expected to vest are dependent on the vesting conditions, which include employees remaining in employment of the Company on the dates in which the share options vest, employees' performance evaluation scores and certain other non-market performance conditions such as obtaining regulatory approval on specific drugs. The estimate of the number of shares under options that will eventually vest requires significant judgement by management, in particular management's view of the forfeiture rates and the ability of the Company to obtain certain regulatory approvals. These estimates will be revised at each financial period end.

If forfeiture rate increases 18% from management's estimates, the loss after tax will be approximately \$392,735 lower during the year ended 30 June 2022.

If the date of obtaining regulatory approvals for the drug product HD204 is delayed by two years from management's estimates, and if the drug products HD201 and PBP1510 fail to obtain regulatory approval, the loss after tax will be approximately \$407,926 lower during the year ended 30 June 2022.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

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

(f) *Impairment assessment of investments in and non-trade receivables from subsidiaries*

The Company holds investments in and non-trade receivables from its subsidiaries.

Management performs an impairment assessment of investments in and non-trade receivables from subsidiaries at the end of each reporting period, or more frequently if there are any indications that the investments in subsidiaries may be impaired.

As at 30 June 2022, there is a shortfall of \$38,562,246 (30 June 2021: \$5,586,269) between the carrying amount of the investments in and receivables from subsidiaries, and the underlying net asset of the subsidiaries.

The Company uses an approach that is based on an assessment of qualitative and quantitative factors, including but not limited to a review of management accounts and cash flow projections. Based on these factors, no impairment charge was deemed necessary. In particular, for investment in a subsidiary with a shortfall of \$33,415,674, no impairment charge was deemed necessary as the fair value of the assets held by the subsidiary is expected to be sufficient to cover the shortfall.

(g) *Uncertain tax position*

The tax provision assessed by a subsidiary is set on the basis that the product being developed will be launched to the market and the subsidiary will derive license fees and sales revenue from the product. Should the basis of the tax provision be challenged by tax authorities, it could result in a higher tax being applied to the profit of the subsidiary. If the tax authorities deem that the subsidiary has conducted development activities for the Company, the deferred income of the Group will be lower by US\$1,278,776 and the tax payable will be higher by US\$1,278,776 for the year ended 30 June 2022.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise any adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Board of Directors. The Board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

4.1.1 Market risk

(a) Foreign exchange risk

The Group and Company operate internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the Singapore dollar, Korean Won, the Euro, Australian dollar, Swiss Franc, and British Pound. Foreign exchange risk arises from financial assets and liabilities denominated in currencies other than functional currency.

At present, the Group does not have any formal policy for hedging against foreign exchange risk. The Group however manages its foreign exchange risk through regular monitoring of relevant currencies in order to minimise currency risk and to reduce volatility of foreign exchange gains/losses.

As this risk arises mainly from trade and other receivables, cash and cash equivalents, financial asset at fair value through profit or loss, trade and other payables, other liabilities and borrowings denominated in foreign currencies, management reduces the risk by monitoring fluctuations in the foreign exchange market.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

The Group has certain investments in foreign entities, whose net assets are exposed to foreign currency translation risk. The Group's and Company's financial assets and liabilities exposed to foreign currency risk as at 30 June 2022 and 2021 are as follows:

(in USD)		2022		2021	
		Foreign currency	USD	Foreign currency	USD
<u>Group</u>					
Financial assets					
Trade and other receivables	SGD	559,375	408,219	582,994	440,933
Cash and bank balances	SGD	461,247	336,609	934,759	706,986
Cash and bank balances	EUR	234,588	251,760	373,270	455,651
Cash and bank balances	KRW	23,287,176,531	18,862,613	27,150,484,851	24,028,937
Financial asset at fair value through profit or loss	KRW	6,199,849,247	5,021,878	23,125,298,767	20,812,769
Financial liabilities					
Trade and other payables	SGD	57,858	42,224	675,643	511,009
Trade and other payables	EUR	546,921	586,955	324,738	396,408
Trade and other payables	KRW	142,531	115	-	-
Trade and other payables	CHF	392,511	409,044	392,511	436,355
Trade and other payables	GBP	29,870	37,653	45,731	64,901
Other liabilities	SGD	465,518	339,726	339,578	256,833
Borrowings	USD	-	-	2,542,500	2,542,500
Lease liabilities	SGD	3,817,977	2,786,284	5,479,415	4,144,246

(in USD)		2022		2021	
		Foreign currency	USD	Foreign currency	USD
<u>Company</u>					
Financial assets					
Trade and other receivables	SGD	559,375	408,219	582,994	440,933
Cash and bank balances	SGD	461,247	336,609	934,759	706,986
Cash and bank balances	EUR	234,588	251,760	373,270	455,651
Cash and bank balances	KRW	23,287,176,531	18,862,613	27,150,484,851	24,028,937
Trade and other receivables	AUD	7,345,347	5,274,032	6,845,298	5,292,374
Trade and other receivables	EUR	553,921	594,468	542,954	662,784
Financial asset at fair value through profit or loss	KRW	6,199,849,247	5,021,878	23,125,298,767	20,812,769
Financial liabilities					
Trade and other payables	SGD	57,858	42,224	675,643	511,009
Trade and other payables	EUR	546,921	586,955	324,738	396,408
Trade and other payables	KRW	142,531	115	-	-
Trade and other payables	CHF	392,511	409,044	392,511	436,355
Trade and other payables	GBP	29,870	37,653	45,731	64,901
Other liabilities	SGD	465,518	339,726	339,578	256,833
Lease liabilities	SGD	3,817,977	2,786,284	5,479,415	4,144,246

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

The table below summarises the impact of currency changes against the US Dollar on the Group's and Company's equity and post-tax profit for the year. The analysis is based on the assumption that Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Euro ("EUR"), Swiss Franc ("CHF") and British Pound ("GBP") has strengthened/weakened by 10% with all other variables held constant.

(in USD)

		Impact on post-tax profit/equity	
		2022	2021
<u>Group</u>		\$	\$
SGD	Strengthened	(208,368)	(350,734)
	Weakened	208,368	350,734
EUR	Strengthened	(33,520)	5,924
	Weakened	33,520	(5,924)
KRW	Strengthened	2,388,438	4,484,171
	Weakened	(2,388,438)	(4,484,171)
CHF	Strengthened	(40,904)	(43,635)
	Weakened	40,904	43,635
GBP	Strengthened	(3,765)	(6,490)
	Weakened	3,765	6,490

(in USD)

		Impact on post-tax profit/equity	
		2022	2021
<u>Company</u>		\$	\$
SGD	Strengthened	(208,368)	(350,734)
	Weakened	208,368	350,734
EUR	Strengthened	25,927	59,149
	Weakened	(25,927)	(59,149)
AUD	Strengthened	527,403	684,530
	Weakened	(527,403)	(684,530)
KRW	Strengthened	2,388,438	4,484,171
	Weakened	(2,388,438)	(4,484,171)
CHF	Strengthened	(40,904)	(43,635)
	Weakened	40,904	43,635
GBP	Strengthened	(3,765)	(6,490)
	Weakened	3,765	6,490

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.1 Market risk (continued)

(b) Price risk

The Group and Company are exposed to equity securities price risk arising from an investment in ordinary shares held by the Group and Company that are classified as financial asset at fair value through profit or loss in the statements of financial position (Note 14).

(c) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The objective of interest rate risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group's exposure to interest rate risks arises from a non-current variable rate loan to a related party. The Company's exposure to interest rate risks arises from non-current variable rate loans to a related party and a subsidiary. If interest rates had been higher/lower by 1% with all other variables including tax rate being held constant, the loss after tax for the Group and Company would have been lower/higher by \$443,000 and \$618,000 respectively as a result of higher/lower interest income on these loans.

4.1.2 Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents as well as credit exposures on outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition through the assessment of the credit quality of the debtor, taking into account its financial position, past experience and other relevant factors.

The Group's and Company's maximum exposure to credit risk as at 30 June 2022 and 2021 are as follows:

<i>(in USD)</i>	2022	2021
	\$	\$
		<i>(Restated)</i>
Group		
Cash and cash equivalents	207,789,089	406,172,675
Trade and other receivables	<u>78,926,430</u>	<u>900,703</u>
Company		
Cash and cash equivalents	161,611,697	390,799,432
Trade and other receivables	<u>74,350,241</u>	<u>6,580,550</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.2 Credit risk (continued)

In determining the ECL on its cash and cash equivalents and trade and other receivables, the Group considers the stage in which the asset is in:

- Stage 1, if it was not credit-impaired upon origination, and there has not been a significant increase in its credit risk. Stage 1 ECL will be the credit loss that is expected to result from a default occurring within the next 12 months.
- Stage 2, if it was not credit-impaired upon origination but has since experienced a significant increase in credit risk. Stage 2 ECL will be the life-time expected credit loss arising from a default during the remaining life of the asset.
- Stage 3, if it has been credit-impaired with an objective evidence of default. Stage 3 ECL are also measured as life-time expected credit loss.

ECLs are probability-weighted estimates of credit losses. The ECL associated with the loans and other receivables of the Group is a product of its probability of default, loss given default and exposure at default discounted using the original effective interest rate to the reporting date.

The Group and Company determine the expected credit losses of amount due from subsidiaries and loans to related parties by taking into consideration whether there was any significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable forward-looking information such as actual or expected significant changes in the operating results of the related party.

The criteria that the Group uses to determine whether a financial asset is in default include:

- Significant financial difficulty, including breach of covenants and/ or financial conditions;
- Granting of a concession, that the Group would not otherwise consider, for economic or legal reasons relating to the borrower's financial difficulty; and
- High probability of bankruptcy.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.2 Credit risk (continued)

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of future recoveries. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group and Company applied their judgement and determined that the loan due from the related party continues to be credit-impaired. In the previous financial year, due to the COVID-19 outbreak and its impact on the economy, there were changes in the business plan of the related party. Due to the winding down of the related party, the Group and Company determined that the loan from the related party of \$4,330,760 was fully impaired based on the life-time expected credit loss on this loan. There are no changes to the financial condition of the related party for the financial year ended 30 June 2022. The Group and Company determined that the loan due from the related party continues to be fully impaired.

As at 30 June 2022, the Company has a loan due from a related party with a principal amount of \$108,500,000. Based on management's assessment of the expected credit losses on the loan, an impairment charge of \$51,010,087 was recognised for the financial year ended 30 June 2022 (Note 3(b)).

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.2 Credit risk (continued)

Changes in the loss allowances are as follows:

<i>(in USD)</i>	Stage 3	Total
	\$	\$
<u>Group and Company</u>		
2022		
Opening balance as at 1 July 2021	4,330,760	4,330,760
Charged to profit or loss:		
Allowance for impairment	51,010,087	51,010,087
Closing balance as at 30 June 2022	<u>55,340,847</u>	<u>55,340,847</u>
2021		
Opening and closing balance for the financial year ended 30 June 2021	<u>4,330,760</u>	<u>4,330,760</u>

For trade receivables, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are subject to immaterial credit loss.

The Company held non-trade receivables from its subsidiaries of \$16,163,349 (2021: \$5,989,617). The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to a review of management accounts and cash flow projections). The receivables are measured on 12-month expected credit losses and subject to immaterial credit loss.

The Group and Company held cash and cash equivalents of \$207,789,089 and \$161,611,697 (2021: \$406,172,675 and \$390,799,432) respectively with banks which are rated A+ based on Standard & Poor and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss. Other financial assets of the Group and Company are subject to immaterial credit losses.

4.1.3 Liquidity risk

Maintaining optimal liquidity is important given that the business requires significant investment in product development. Management monitors rolling forecasts of the Group and Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

4.1.3 Liquidity risk (continued)

Details of the Group and Company's liquidity risk analysis as at 30 June 2022 and 2021 are included in the table below. The amounts disclosed are the contractual undiscounted cash flows.

<i>(in USD)</i>	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
<u>Group</u>				
2022				
Lease liabilities	1,407,856	1,201,494	1,083,601	-
Trade and other payables	9,732,297	-	-	-
Other liabilities	3,807,660	-	-	-
2021 (Restated)				
Lease liabilities	1,551,224	1,496,458	2,278,443	-
Borrowings	2,542,500	-	-	-
Trade and other payables	5,057,111	-	-	-
Other liabilities	3,143,734	-	-	-
<u>Company</u>				
2022				
Lease liabilities	1,104,196	1,201,494	1,083,601	-
Trade and other payables	7,279,815	-	-	-
Other liabilities	3,593,401	-	-	-
2021 (Restated)				
Lease liabilities	1,104,196	1,201,494	1,466,464	-
Trade and other payables	9,349,354	-	-	-
Other liabilities	3,127,909	-	-	-

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

4. Financial risk management (continued)

4.2 Capital risk management

The Group's objective when managing capital is to maintain an optimal capital structure to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, make borrowings, or sell assets to increase or reduce debt as necessary.

The Group and Company define capital as equity and debt (borrowed funds from third parties that must be repaid at a later date). As at 30 June 2022, the Group and Company do not have any debt and hence is not subject to any externally imposed capital requirement.

5. Fair value

5.1 Fair value hierarchy

Items that are measured at fair value or for which the fair value is disclosed are categorised by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at 30 June 2022 and 2021 are as follows:

(in USD)

\$

Group and Company

30 June 2022

Financial assets that are measured at fair value

Financial asset at fair value through profit or loss (**Level 1**)

5,021,878

30 June 2021

Financial assets that are measured at fair value

Financial asset at fair value through profit or loss (**Level 1**)

20,812,769

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

5. Fair value (continued)

5.3 Valuation techniques and the inputs

The Group's and Company's financial asset at fair value through profit or loss relates to the Group's and Company's investment in an investee's ordinary shares which are traded in active market. The fair value of this financial asset was determined based on the quoted market price as at 30 June 2022 and 2021.

The table below summarises the impact of changes to inputs on the Group's and Company's post-tax profit for the year based on a change of 5.0% with all other variables held constant.

(in USD)	Change applied	Effects on the post-tax profit	
		Increase/ (Decrease) If input increase	Increase/ (Decrease) If input decrease
	%	\$	\$
<u>Group and Company</u>			
2022			
Equity price	5.0	251,094	(251,094)
2021			
Equity price	5.0	1,040,638	(1,040,638)

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

6. Financial instruments by category

6.1 Carrying amounts of financial instruments by category

Carrying amounts of financial assets and liabilities by category as at 30 June 2022 and 2021 are as follows:

(in USD)

	30 June 2022			
	Group	Financial asset at fair value through profit and loss	Company	Financial asset at fair value through profit and loss
	Financial assets at amortised cost		Financial assets at amortised cost	
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	207,789,089	-	161,611,697	-
Financial asset at fair value through profit and loss	-	5,021,878	-	5,021,878
Trade and other receivables	78,926,430	-	74,350,241	-
	<u>286,715,519</u>	<u>5,021,878</u>	<u>235,961,938</u>	<u>5,021,878</u>

(in USD)

	30 June 2021			
	Group	Financial asset at fair value through profit and loss	Company	Financial asset at fair value through profit and loss
	Financial assets at amortised cost		Financial assets at amortised cost	
	\$	\$	\$	\$
	(Restated)		(Restated)	
Financial assets				
Cash and cash equivalents	406,172,675	-	390,799,432	-
Financial asset at fair value through profit and loss	-	20,812,769	-	20,812,769
Trade and other receivables	900,703	-	6,580,550	-
	<u>407,073,378</u>	<u>20,812,769</u>	<u>397,379,982</u>	<u>20,812,769</u>

(in USD)

	30 June 2022	
	Group	Company
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
	\$	\$
Financial liabilities		
Trade and other payables	9,732,296	7,279,815
Other liabilities	3,807,660	3,593,401
	<u>13,539,956</u>	<u>10,873,216</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

6. Financial instruments by category (continued)

6.1 Carrying amounts of financial instruments by category (continued)

(in USD)

	30 June 2021	
	Group	Company
	Financial liabilities	
	at amortised cost	
	\$	\$
	(Restated)	(Restated)
Financial liabilities		
Lease liabilities	4,334,312	4,144,246
Borrowings	2,542,500	-
Trade and other payables	5,057,111	9,349,354
Other liabilities	3,143,734	3,127,909
	<u>15,077,657</u>	<u>16,621,509</u>

6.2 Items of income, expense, gains or losses by category of financial instruments

Income, expense and gains or losses on each category of financial instruments for the year ended 30 June 2022 and 2021 are as follows:

(in USD)

	2022	2021
	\$	\$
		(Restated)
Group		
Financial assets measured at amortised cost		
Interest income	2,271,921	139,291
Foreign exchange losses on cash and cash equivalents	(570,176)	(4,377,733)
Impairment loss on loan receivables	(51,010,087)	-
Financial asset measured at fair value through profit and loss		
Fair value (loss)/gain	<u>(15,790,891)</u>	<u>13,276,504</u>
Company		
Financial assets measured at amortised cost		
Interest income	3,345,668	232,272
Foreign exchange losses on cash and cash equivalents	(2,474,140)	(244,335)
Impairment loss on loan receivables	(51,010,087)	-
Financial asset measured at fair value through profit and loss		
Fair value (loss)/gain	<u>(15,790,891)</u>	<u>13,276,504</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

7. Cash and cash equivalents

Cash and cash equivalents as at 30 June 2022 and 2021 consist of:

(in USD)

	Group	
	30 June 2022	30 June 2021
	\$	\$
Cash at bank and on hand	207,789,089	406,172,675

(in USD)

	Company	
	30 June 2022	30 June 2021
	\$	\$
Cash at bank and on hand	161,611,697	390,799,432

Cash and cash equivalents as at 30 June 2022 and 2021 are not restricted and are available for use by the Group and the Company.

8. Inventories

	Group	
	30 June 2022	30 June 2021
	\$	\$
<u>At cost</u>		
Raw materials	1,668,303	-

Due to the uncertainty arising from a contract manufacturing agreement for the vaccine business (refer to Note 3(b)), inventories amounting to \$18,399,813 (2021: \$Nil) have been written down.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

9. Trade and other receivables

(in USD)

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
		(Restated)		(Restated)
Other receivables				
- Loans to related parties				
(i) (ii)	112,830,760	4,330,760	112,830,760	4,330,760
- Less: Allowance for impairment (i)	(55,340,847)	(4,330,760)	(55,340,847)	(4,330,760)
	57,489,913	-	57,489,913	-
- Grant receivables (iii)	65,897	163,761	-	-
- Deposits (iv)	21,081,860	586,942	408,219	440,933
- Unbilled milestone fee	-	150,000	-	150,000
- Amounts due from subsidiaries (v) (vi)	-	-	16,163,349	5,989,617
Interest receivables	263,760	-	263,760	-
Trade receivables	25,000	-	25,000	-
	78,926,430	900,703	74,350,241	6,580,550
Less: non-current portion	(52,763,000)	(566,470)	(57,780,888)	(6,410,078)
Current portion	26,163,430	334,233	16,569,353	170,472

- (i) Loan to a related party of \$110,000,000 which is denominated in USD (Note 30(iii)) is repayable at \$1,500,000 per quarter. The first instalment payment was made on 30 June 2022, and the loan is repayable in full by 31 December 2026. The loan bears interest at aggregate rate of 3.30% and the three-month secured overnight financing rate ("SOFR") per annum and this interest is repayable on a quarterly basis.

This loan to a related party is for the sole purpose of financing the construction of the building and purchase of equipment related to vaccine manufacturing business of the Group. The Group has an option to purchase the building and the land at market value at any time on or after the completion of the construction of the building and/or lifting of all legal restrictions under any applicable laws. Without the Group's prior written consent, the related party may not change the use of the building and equipment for purposes not related to the Group's vaccine manufacturing business.

As at 30 June 2022, the loan has been impaired by \$51,010,087 (Note 3(b)). The Group and Company received loan repayment of \$18,400,000 on 2 September 2022 and \$27,600,000 on 6 September 2022 (Note 34).

- (ii) Loan to a related party of \$4,330,760 (Note 30(ii)) is unsecured, bears interest at 1.5% per month and is repayable in full, 10 years from date of disbursement. As at 30 June 2022 and 2021, this loan was fully impaired.
- (iii) Grant receivables of \$65,897 (30 June 2021: \$163,761) of the Group relate to tax incentives receivable by a subsidiary of the Group for research and development activities performed in the subsidiary's tax jurisdiction.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

9. Trade and other receivables (continued)

- (iv) As at 30 June 2022, deposits of the Group include deposits with financial institutions amounting to \$17,010,000 (maturity date 31 March 2023) and \$3,348,739 (maturity date 31 July 2022) which are held as securities for government grant and construction of a research and development centre, respectively.
- (v) Amounts due from subsidiaries are unsecured. As at 30 June 2022 an amount of \$10,260,123 (2021: Nil) is interest bearing at 4.23% + SOFR per annum and is expected to be repaid within the next 12 months.
- (vi) Remaining amounts due from subsidiaries totaling to \$5,903,226 (2021: \$5,989,617) are not expected to be repaid within the next 12 months. An amount of \$5,274,032 (2021: \$5,292,374) is interest bearing at 1.79% per annum, an amount of \$594,468 (2021: \$662,784) is interest bearing at 2.01% per annum, and an amount of \$34,726 (2021: \$34,459) is non-interest bearing.

10. Other assets

(in USD)	Group	
	30 June 2022 \$	30 June 2021 \$ (Restated)
Deferred expenditure in relation to collaboration agreement (Note 16(i))	491,216	1,344,000
Other receivables	612,000	-
Prepaid expenses	4,244,772	173,848
Advance payments (i)	9,999,289	2,816,132
- Less: Allowance for impairment	(2,419,200)	-
Goods and service tax receivables	77,199	263,034
	<u>13,005,276</u>	<u>4,597,014</u>
Less: Non-current portion	(7,644,089)	(4,080,132)
Current portion	<u>5,361,187</u>	<u>516,882</u>

(in USD)	Company	
	30 June 2022 \$	30 June 2021 \$ (Restated)
Deferred expenditure in relation to collaboration agreement (Note 16(i))	491,216	1,344,000
Other receivables	612,000	-
Prepaid expenses	1,114,596	86,653
Goods and service tax receivables	51,298	63,497
Advance payments (i)	2,419,200	-
- Less: Allowance for impairment	(2,419,200)	-
	<u>2,269,110</u>	<u>1,494,150</u>
Less: Non-current portion	(64,000)	(1,264,000)
Current portion	<u>2,205,110</u>	<u>230,150</u>

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and its subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

10. Other assets (continued)

- (i) Advance payments of \$7,580,089 (30 June 2021: \$2,816,132) of the Group relate to payments made to suppliers for purchase of equipment.

On 25 January 2022, the Group and Company entered into a contract manufacturing agreement with a related party whereby the related party is sub-contracted to manufacture and supply a product for the vaccine manufacturing business. Upon signing of the agreement, a sum of \$2,419,200 was paid in advance to the related party. On 30 June 2022, this amount was fully impaired due to uncertainty relating to the main contract manufacturing agreement with a third party customer of the vaccine business.

The accompanying notes form an integral part of these financial statements.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

11. Property, plant and equipment

Details of property, plant and equipment as at 30 June 2022 and 2021 are as follows:

(in USD)

	Cost	30 June 2022 Accumulated depreciation	Net book value	Cost	30 June 2021 Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
				(Restated)	(Restated)	(Restated)
Group						
Vehicles	12,150	(810)	11,340	-	-	-
Laboratory equipment	6,594,440	(2,769,317)	3,825,123	2,228,398	(1,797,548)	430,850
Renovation	1,586,614	(886,456)	700,158	1,025,442	(345,431)	680,011
Tools and equipment	51,023	(8,458)	42,565	319,611	(5,327)	314,284
Furniture and fittings	1,212,353	(411,704)	800,649	509,136	(155,712)	353,424
Right-of-use assets	5,123,906	(2,094,677)	3,029,229	4,883,317	(965,015)	3,918,302
Assets under construction	21,246,891	-	21,246,891	-	-	-
	35,827,377	(6,171,422)	29,655,955	8,965,904	(3,269,033)	5,696,871

Assets under construction relate to expenditure for a research and development centre (inclusive of land) and equipment for a manufacturing plant. During the year ended 30 June 2022, the Group entered into an asset sale agreements with a related party and completed the sale of equipment for a manufacturing plant with carrying amount of \$21,211,746.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

11. Property, plant and equipment (continued)

Details of property, plant and equipment as at 30 June 2022 and 2021 are as follows:

(in USD)

	Cost	30 June 2022 Accumulated depreciation	Net book value	Cost	30 June 2021 Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
				(Restated)	(Restated)	(Restated)
<u>Company</u>						
Laboratory equipment	3,598,838	(2,428,745)	1,170,093	2,228,398	(1,797,548)	430,850
Renovation	1,395,130	(703,620)	691,510	859,239	(337,121)	522,118
Furniture and fittings	623,845	(319,335)	304,510	373,818	(153,385)	220,433
Right-of-use assets	4,237,284	(1,707,849)	2,529,435	4,687,592	(947,583)	3,740,009
	<u>9,855,097</u>	<u>(5,159,549)</u>	<u>4,695,548</u>	<u>8,149,047</u>	<u>(3,235,637)</u>	<u>4,913,410</u>

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

11. Property, plant and equipment (continued)

Changes in property, plant and equipment for the year ended 30 June 2022 and 2021 are as follows:

(in USD)

Group

	Vehicles \$	Laboratory equipment \$	Renovation \$	Tools and equipment \$	Furniture and fittings \$	Right-of-use assets \$	Assets under construction \$	Total
30 June 2022								
Opening net book value at 1 July 2021	-	430,850	680,011	314,284	353,424	3,918,302	-	5,696,871
Additions	12,500	4,526,276	579,650	326,881	744,975	765,196	43,572,260	50,527,738
Disposals	-	(66,152)	-	(549,772)	-	(217,602)	(21,211,746)	(22,045,272)
Depreciation	(813)	(983,431)	(545,231)	(4,585)	(265,302)	(1,418,914)	-	(3,218,276)
Foreign currency translation	(347)	(82,420)	(14,272)	(44,243)	(32,448)	(17,753)	(1,113,623)	(1,305,106)
Closing net book value	11,340	3,825,123	700,158	42,565	800,649	3,029,229	21,246,891	29,655,955
30 June 2021 (Restated)								
Opening net book value at 1 July 2020	-	877,340	372,531	-	132,011	2,381,519	-	3,763,401
Additions	-	84,925	499,066	311,621	299,372	2,281,785	-	3,476,769
Disposals	-	-	(314)	-	-	-	-	(314)
Derecognition during the period	-	-	-	-	-	(94,778)	-	(94,778)
Depreciation	-	(531,415)	(195,219)	(5,194)	(81,284)	(654,682)	-	(1,467,794)
Foreign currency translation	-	-	3,947	7,857	3,325	4,458	-	19,587
Closing net book value	-	430,850	680,011	314,284	353,424	3,918,302	-	5,696,871

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

11. Property, plant and equipment (continued)

Changes in property, plant and equipment for the year ended 30 June 2022 and 2021 are as follows:

(in USD)

Company

	Laboratory equipment \$	Renovation \$	Furniture and fittings \$	Right-of-use assets \$	Total
30 June 2022					
Opening net book value at 1 July 2021	430,850	522,118	220,433	3,740,009	4,913,410
Additions	1,370,440	535,891	250,027	49,763	2,206,121
Disposals	-	-	-	(217,602)	(217,602)
Depreciation	(631,197)	(366,499)	(165,950)	(1,042,735)	(2,206,381)
Closing net book value	<u>1,170,093</u>	<u>691,510</u>	<u>304,510</u>	<u>2,529,435</u>	<u>4,695,548</u>
30 June 2021 (Restated)					
Opening net book value at 1 July 2020	877,340	372,531	132,011	2,381,519	3,763,401
Additions	84,925	337,018	167,437	2,090,954	2,680,334
Disposals	-	(314)	-	(94,778)	(95,092)
Depreciation	(531,415)	(187,117)	(79,015)	(637,686)	(1,435,233)
Closing net book value	<u>430,850</u>	<u>522,118</u>	<u>220,433</u>	<u>3,740,009</u>	<u>4,913,410</u>

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

12. Leases

Nature of the Group's and Company's leasing activities

Office equipment

The Group and Company lease certain office equipment for the purposes of back-office operations.

Motor vehicles

The Group and Company lease vehicles for certain key management personnel.

Buildings

The Group and Company lease office and laboratory space for the purpose of back-office operations and research and development activities, respectively.

(a) Carrying amounts

Details of right-of-use assets

(in USD)						
<u>Group</u>	30 June 2022			30 June 2021		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
				(Restated)	(Restated)	(Restated)
Buildings	5,025,819	(2,040,685)	2,985,134	4,785,230	(933,500)	3,851,730
Motor Vehicles	98,087	(53,992)	44,095	98,087	(31,515)	66,572
Total	5,123,906	(2,094,677)	3,029,229	4,883,317	(965,015)	3,918,302

(in USD)						
<u>Company</u>	30 June 2022			30 June 2021		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
				(Restated)	(Restated)	(Restated)
Buildings	4,139,197	(1,653,857)	2,485,340	4,589,505	(916,068)	3,673,437
Motor Vehicles	98,087	(53,992)	44,095	98,087	(31,515)	66,572
Total	4,237,284	(1,707,849)	2,529,435	4,687,592	(947,583)	3,740,009

(b) Changes in right-of-use assets for the years ended 30 June 2022 and 2021

<u>Group</u>	30 June 2022		
	Buildings	Motor Vehicles	Total
	\$	\$	\$
<i>Changes in right-of-use assets</i>			
Book value as of 1 July 2021	3,851,730	66,572	3,918,302
Additions	765,196	-	765,196
Disposals	(217,602)	-	(217,602)
Foreign currency translation	(17,753)	-	(17,753)
Depreciation	(1,396,437)	(22,477)	(1,418,914)
Book value as of 30 June 2022	2,985,134	44,095	3,029,229

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

12. Leases (continued)

(b) *Changes in right-of-use assets for the years ended 30 June 2022 and 2021 (continued)*

<u>Group</u>	30 June 2021			Total
	Buildings	Motor Vehicles	Office equipment	
	\$ (Restated)	\$ (Restated)	\$ (Restated)	\$ (Restated)
<i>Changes in right-of-use assets</i>				
Book value as of 1 July 2020	2,273,317	106,751	1,451	2,381,519
Additions	2,281,785	-	-	2,281,785
Disposal	(71,009)	(22,318)	(1,451)	(94,778)
Effect of movement in exchange rates	4,458	-	-	4,458
Depreciation	(636,821)	(17,861)	-	(654,682)
Book value as of 30 June 2021	3,851,730	66,572	-	3,918,302

<u>Company</u>	30 June 2022			Total
	Buildings	Motor Vehicles		
	\$	\$		\$
<i>Changes in right-of-use assets</i>				
Book value as of 1 July 2021	3,673,437	66,572		3,740,009
Additions	49,762	-		49,762
Disposal	(217,602)	-		(217,602)
Depreciation	(1,020,257)	(22,477)		(1,042,734)
Book value as of 30 June 2022	2,485,340	44,095		2,529,435

<u>Company</u>	30 June 2021			Total
	Buildings	Motor Vehicles	Office equipment	
	\$ (Restated)	\$ (Restated)	\$ (Restated)	\$ (Restated)
<i>Changes in right-of-use assets</i>				
Book value as of 1 July 2020	2,273,317	106,751	1,451	2,381,519
Additions	2,090,954	-	-	2,090,954
Disposal	(71,009)	(22,318)	(1,451)	(94,778)
Depreciation	(619,825)	(17,861)	-	(637,686)
Book value as of 30 June 2021	3,673,437	66,572	-	3,740,009

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

12. Leases (continued)

(c) Changes in lease liabilities

	30 June 2022		30 June 2021	
	Group	Company	Group	Company
	\$	\$	\$	\$
			(Restated)	(Restated)
Book value as of 1 July	4,334,312	4,144,246	2,346,277	2,346,277
Additions	718,982	-	2,275,457	2,090,954
Disposal	(263,213)	(263,213)	(93,327)	(93,327)
Payment of lease liabilities	(1,683,110)	(1,286,390)	(778,899)	(778,899)
Interest expense	372,750	347,371	420,032	419,221
Effect of movement in exchange rates	(193,111)	(155,730)	164,772	160,020
Book value as of 30 June	3,286,610	2,786,284	4,334,312	4,144,246
Less: Non-current portion	(2,054,201)	(1,837,359)	(3,160,511)	(3,096,245)
Current portion	<u>1,232,409</u>	<u>948,925</u>	<u>(1,173,801)</u>	<u>1,048,001</u>

(d) Amounts recognised in profit and loss during the year

	30 June 2022		30 June 2021	
	Group	Company	Group	Company
	\$	\$	\$	\$
			(Restated)	(Restated)
Depreciation of right-of-use assets	1,418,914	1,042,734	654,682	637,686
Interest on lease liabilities				
- expensed	25,379	-	811	-
- capitalised in intangible assets	347,371	347,371	419,221	419,221
Short-term leases	48,257	526	13	13
Low value leases	<u>-</u>	<u>-</u>	<u>7,724</u>	<u>7,724</u>

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

13. Intangible assets

Intangible assets as at 30 June 2022 and 2021 consist of:

(in USD)

	Group		
	Cost	Accumulated amortisation	Accumulated impairment loss
	\$	\$	\$
30 June 2022			
Development costs (Note 13.1)	109,706,117	-	(60,203,542)
Patents (Note 13.2)	705,494	-	(248,294)
Club membership (Note 13.3)	537,121	-	-
Software	20,169	(930)	-
	<u>110,968,901</u>	<u>(930)</u>	<u>(60,451,836)</u>
			<u>50,516,135</u>
30 June 2021 (Restated)			
Development costs (Note 13.1)	96,081,995	-	-
Patents (Note 13.2)	398,521	-	-
	<u>96,480,516</u>	<u>-</u>	<u>-</u>
			<u>96,480,516</u>

(in USD)

	Company		
	Cost	Accumulated impairment loss	Net book value
	\$	\$	\$
30 June 2022			
Development costs (Note 13.1)	104,066,590	(57,692,271)	46,374,319
Patents (Note 13.2)	705,494	(248,292)	457,202
	<u>104,772,084</u>	<u>(57,940,563)</u>	<u>46,831,521</u>
30 June 2021 (Restated)			
Development costs (Note 13.1)	90,157,342	-	90,157,342
Patents (Note 13.2)	398,521	-	398,521
	<u>90,555,863</u>	<u>-</u>	<u>90,555,863</u>

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

13. Intangible assets (continued)

Changes in intangible assets for the year ended 30 June 2022 and 2021 are as follows:

(in USD)

	Development costs	Patents	Group Club membership	Software	Total
	\$	\$	\$	\$	\$
30 June 2022					
Beginning net book value at 1 July 2021	96,081,995	398,521	-	-	96,480,516
Additions	13,624,122	306,973	537,121	20,169	14,488,385
Amortisation	-	-	-	(930)	(930)
Impairment loss (Note 3(a))	(60,203,542)	(248,294)	-	-	(60,451,836)
Ending net book value	<u>49,502,575</u>	<u>457,200</u>	<u>537,121</u>	<u>19,239</u>	<u>50,516,135</u>
30 June 2021 (Restated)					
Beginning net book value at 1 July 2020	78,807,172	322,245	-	-	79,129,417
Additions	17,274,823	76,276	-	-	17,351,099
Ending net book value	<u>96,081,995</u>	<u>398,521</u>	<u>-</u>	<u>-</u>	<u>96,480,516</u>

	Development costs	Patents	Total
	\$	\$	\$
30 June 2022			
Beginning net book value at 1 July 2021	90,157,343	398,520	90,555,863
Additions	13,909,249	306,974	14,216,223
Impairment loss (Note 3(a))	(57,692,271)	(248,294)	(57,940,565)
Ending net book value	<u>46,374,321</u>	<u>457,200</u>	<u>46,831,521</u>
30 June 2021 (Restated)			
Beginning net book value at 1 July 2020	73,258,983	322,242	73,581,225
Additions	16,898,362	76,276	16,974,638
Ending net book value	<u>90,157,345</u>	<u>398,518</u>	<u>90,555,863</u>

13.1 Development costs

Carrying amount of the development costs as at 30 June 2022 and 2021 are as follows:

(in USD)	Name of separate asset	Group		Company	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		Carrying amount	Carrying amount	Carrying amount	Carrying amount
		\$	\$	\$	\$
			(Restated)		(Restated)
Development costs	HD201	-	58,043,413	-	55,557,919
Development costs	HD204	49,255,978	38,038,582	46,127,722	34,599,423
Development costs	PBP1502	246,597	-	246,597	-
		<u>49,502,575</u>	<u>96,081,995</u>	<u>46,374,319</u>	<u>90,157,342</u>

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

13. Intangible assets (continued)

13.1 Development costs (continued)

In June 2015, the Company acquired intellectual property rights ("IP rights") pertaining to two biosimilar products, HD201 (biosimilar of Herceptin which is mainly for the treatment of breast cancer) and HD204 (biosimilar of Avastin which is mainly for the treatment of solid tumours). The carrying amount of the IP rights included in development costs of the Group and the Company as at 30 June 2022 is \$2,303,328 (2021: \$6,188,665) which includes capitalised borrowing costs amounting to \$28,774 (2021: \$30,275).

Subsequent to the acquisition of the IP rights, the Group and the Company continue to incur expenditure for the development of HD201 and HD204. The expenditure is capitalised as internally generated intangible assets. The details of the internally generated development costs are as follows:

(in USD)

Biosimilar product	Status	Capitalised costs		
		Clinical trial phase 1	Clinical trial phase 3	Total
		\$	\$	\$
Group				
HD201	Under development	524,369	55,766,541	56,290,910
HD204	Under development	11,789,722	32,651,658	44,441,380
PBP1502	Under development	246,597	-	246,597
		12,560,688	88,418,199	100,978,887
Company				
HD201	Under development	524,369	53,255,269	53,779,638
HD204	Under development	11,789,722	32,034,675	43,824,397
PBP1502	Under development	246,597	-	246,597
		12,560,688	85,289,944	97,850,632

As at 30 June 2022, the Group had submitted a re-examination request to EMA for the marketing authorisation of HD201. On 14 September 2022, the Group withdrew their request for re-examination for marketing authorisation for HD201 which was submitted on 23 May 2022 (Note 34). HD204 is at Phase 3 and PBP1502 is at Phase 1 of clinical trials.

During the year, the Group and the Company recognised research and development costs of \$12,096,441 and \$6,071,008 (2021: \$5,911,912 and \$5,571,970), respectively as operating expenses in the statement of comprehensive income. These costs were not capitalised as intangible assets, because they relate to research and development activities for products which were still in the pre-clinical trial phase.

Included in the additions to development costs of the Group and Company for the year ended 30 June 2022 were capitalised borrowing costs of \$318,597 (2021: \$392,781) and capitalised employee compensation costs of \$437,029 (2021: \$164,018). Borrowing costs were capitalised at a rate of 10.3% per annum (2021: 13.5% per annum). No amortisation expense has been recorded, as amortisation will commence only when the related products are ready for their intended use or sale.

13.2 Patents

Patents refer to all certificates of invention and applications for certificates of invention related to the IP patents. Amortisation will commence when the related product is ready for its intended use or sale.

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

13. Intangible assets (continued)

13.3 Club membership

The Group's club membership has a carrying amount of \$537,121 (30 June 2021: Nil). The club membership has no expiry date and has been assessed as having an indefinite useful life.

13.4 Estimating recoverable amount

As disclosed in Note 3(a), the Group and the Company have recognised full impairment charges on the development costs and patents related to HD201 and no impairment charge was recognised for HD204 and PBP1502 for the financial year ended 30 June 2022.

The Group and Company estimated the recoverable amount of HD204 and PBP1502 based on value-in-use calculations. The value-in-use calculations are derived from cash flow projections covering a period of up to 10 years from expected commercialisation date of the product. The commercialisation period of 10 years is in line with management's expectation of the lifespan of the product.

Management determined the present value of the future cash flows based on key assumptions including forecasted sales volumes which were primarily based on the signed agreements with distributors, ongoing discussions and negotiations with distributors and assumptions of certain prospective markets which provided management with a view of the potential sales volumes and market prices of the products being developed. Pre-tax discount rate applied of 16.8% (30 June 2021: 15.9%) was estimated based on weighted average cost of capital for similar assets and adjusted for asset-specific risk.

14. Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss as at 30 June 2022 and 2021 include the following classes of financial assets:

(in USD)

	Group and Company	
	30 June 2022	30 June 2021
	\$	\$
Investment in ordinary shares	5,021,878	20,812,769

The Group's and the Company's financial asset at fair value through profit or loss relates to an investment in ordinary shares of Prestige Biologics Co., Ltd ("PBL") which is listed on the Korea Exchange.

Changes in financial asset at fair value through profit or loss for the year ended 30 June 2022 and 2021 are as follows:

(in USD)

	2022	2021
	\$	\$
Group and Company		
Beginning of financial year	20,812,769	7,536,265
Fair value (loss)/gain	(15,790,891)	13,276,504
End of financial year	5,021,878	20,812,769

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

15. Investments in subsidiaries

Details of the subsidiaries are included in Note 1.1 and the breakdown of the costs of investment is as follows:

Name of subsidiaries (in USD)	Cost of investment	
	30 June 2022 \$	30 June 2021 \$
Company		
Prestige Biopharma Australia Pty Ltd	35,896	35,896
Prestige Biopharma Belgium BVBA	56,819	56,819
Prestige Biopharma USA Inc	5,000,000	5,000,000
Prestige Biopharma Korea Co., Ltd	100,440,000	15,440,000
	<u>105,532,715</u>	<u>20,532,715</u>
	30 June 2022 \$	30 June 2021 \$
(in USD)		
Company		
<u>Unquoted ordinary shares, at cost</u>		
At the beginning of the year	20,532,715	92,715
Additions during the year	85,000,000	20,440,000
At the end of the year	<u>105,532,715</u>	<u>20,532,715</u>

On 12 August 2021, 28 September 2021 and 28 January 2022, the Company increased its investment in Prestige Biopharma Korea Co., Ltd by way of cash capital injection of \$30,000,000 (69,978,000 shares), \$10,000,000 (23,748,000 shares) and \$45,000,000 (109,269,000 shares), respectively to fund the Group's construction of the research centre and its research and development activities in Korea.

16. Trade and other payables

(in USD)	Group		Company	
	30 June 2022 \$	30 June 2021 \$ (Restated)	30 June 2022 \$	30 June 2021 \$ (Restated)
Trade payables	5,828,080	2,469,742	2,605,821	1,761,985
Other payables:				
- Amount due to a subsidiary	-	-	769,778	5,000,000
- Amount due to a related party (i)	79,217	2,587,369	79,216	2,587,369
- Amount due to third parties (ii)	3,825,000	-	3,825,000	-
Trade and other payables	<u>9,732,297</u>	<u>5,057,111</u>	<u>7,279,815</u>	<u>9,349,354</u>

(i) Amount due to a related party is non-trade in nature, unsecured, interest-free and repayable on demand.

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

16. Trade and other payables (continued)

- (i) As at 30 June 2022, the payables relate to the Company's collaboration agreement with a related party. On 9 July 2018, the Company entered into a collaboration agreement with the related party to jointly develop and commercialise two biosimilar products. The related party has committed to contribute up to a maximum of \$10,000,000 in development expenses in connection with the collaboration agreement. Under the collaboration agreement, 16% of the value of all net sales made by the Company to its customers in relation to the biosimilar products is payable to the related party.

As at 30 June 2022, upfront license fees received by the Group and Company amounting to \$650,000 (30 June 2021: \$8,650,000) have been deferred as contract liabilities (Note 23). Payments made to the related party under the collaboration agreement has similarly been recorded on the statement of financial position as deferred expenditure in relation to the collaboration agreement in "Other assets".

- (ii) Due to the negative opinion referred to in Note 3(a) of the Group's application for marketing authorisation of HD201 and subsequent withdrawal of their request for re-examination for marketing authorisation for HD201, the Group and Company have reclassified the refundable amounts of the upfront license fees and milestone payments received from distributors of \$3,825,000 (previously recognised as contract liabilities) as current payables.

17. Other liabilities

(in USD)

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$ (Restated)	\$	\$ (Restated)
Other liabilities:				
- Accrued expenses	3,649,902	3,143,734	3,435,643	3,127,909
- Accrued withholding tax	157,758	-	157,758	-
- Customer advances (i)	14,382,588	-	13,632,000	-
- Deferred government grant (ii)	17,010,000	-	-	-
- Other liabilities (iii)	3,170,934	13,366	2,678,181	-
Other liabilities	38,371,182	3,157,100	19,903,582	3,127,909
Less: Non-current portion	(17,010,000)	-	-	-
Current portion	21,361,182	3,157,100	19,903,582	3,127,909

- (i) On 26 November 2021, the Company entered into a contract manufacturing agreement with a customer with whom the Company has been contracted to manufacture and supply a product. As part of the agreement, the customer extended an advance amounting to \$13,632,000. The Company has given a corporate guarantee to refund the advance upon demand, if there are certain conditions which are not met by the Company.
- (ii) During the year ended 30 June 2022, the Group received a government grant ("the Grant") in advance of \$17,010,000 in relation to the construction and operation of a research and development centre in Busan, South Korea.

As a prerequisite of the Grant, the Company is required to commit to a total capital injection of KRW 100 billion (equivalent to \$75,600,000) to its subsidiary by January 2024. The Group is also required to employ a certain number of employees with specific qualifications from 2022 to 2024.

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

17. Other liabilities (continued)

- (iii) Included in other liabilities are a portion of the upfront fees and milestone payments received from distributors for HD201 amounting to \$2,670,100, which was previously classified as contract liabilities (Note 23). These amounts are not refundable and will be recognised as other income by the Group and Company in the event of termination of the distribution agreements.

18. Borrowings

Details of carrying amount of borrowings as at 30 June 2022 and 2021 are as follows:

Category	Creditor	Monthly interest rate (%)	2022	2021
<u>Group</u>				
<i>Current</i>				
Short-term borrowings	Kim Michael Jinwoo	0.2	-	2,542,500

In June 2021, a subsidiary of the Company entered into an agreement with the Company's director, to obtain a short-term borrowing amounting to \$2,500,000, bearing interest at a rate of 2.85% per year and is repayable on demand. The borrowing was fully repaid in July 2021.

19. Deferred income

<u>Group</u> <i>(in USD)</i>	30 June 2022 \$	30 June 2021 \$
<i>Non-current</i>		
Deferred tax incentive income	2,006,923	2,104,787

Deferred income pertains to a tax incentive of \$2,006,923 (30 June 2021: \$2,104,787) in relation to research and development activities performed in a subsidiary's tax jurisdiction. The deferred income will be credited to profit or loss over the period in which the related development costs are amortised to profit or loss in subsequent reporting years.

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

20. Share capital

The Company's total number of ordinary shares issued is 12,019,231 shares (30 June 2021: 12,019,231 shares).

All shares issued by the Company were fully paid. Fully paid ordinary shares are ranked equally where they carry one vote per share and carry a right to dividends as and when declared by the Company.

<i>(in USD and in number of shares)</i>	Number of shares	Share capital \$
<u>Group and Company</u>		
At the beginning and end of the year (1 July 2021 and 30 June 2022)	12,019,231	525,727,248
At the beginning of the year, 1 July 2020	9,187,981	127,241,958
Issuance of shares at \$145 per share	(a) 2,831,250	410,326,086
Share issue expenses	(b) -	(11,840,796)
At the end of the year, 30 June 2021	12,019,231	525,727,248

(a) On 5 February 2021 the Company raised KRW 453 billion (\$410,326,086) in cash from an initial public offering ("IPO") on the Korea Exchange through the issuance of 2,831,250 new common shares (14,156,250 depository receipts) at KRW 160,000 (\$145) per share. The newly issued shares rank pari passu in all aspects with the previously issued shares.

(b) During the year ended 30 June 2021, the Company recorded \$11,840,796 of IPO related costs as a deduction from equity. The transaction costs of an equity transaction are accounted for as a deduction from equity only to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

21. Other comprehensive income and other components of equity

Changes in other comprehensive income for the years ended 30 June 2022 and 2021, are as follows:

<i>(in USD)</i>	Beginning balance \$	(Decrease)/ Increase \$	Ending balance \$
<u>Group</u>			
2022			
Foreign currency translation differences	<u>(418,079)</u>	<u>(3,707,536)</u>	<u>(4,125,615)</u>
2021			
Foreign currency translation differences	<u>205,724</u>	<u>(623,803)</u>	<u>(418,079)</u>

Changes in other comprehensive income are net of tax.

Other components of equity of the Group and the Company as at 30 June 2022 and 2021, consists of:

<i>(in USD)</i>	Note	2022 \$	2021 \$
<u>Group</u>			
Capital contribution	(a)	5,549,899	5,549,899
Foreign currency translation reserve		<u>(4,125,615)</u>	<u>(418,079)</u>
<u>Company</u>			
Capital contribution	(a)	<u>5,549,899</u>	<u>5,549,899</u>

(a) Capital contribution reserves include:

- (i) \$4,294,533 of the waiver of loan interest liability by a shareholder and waiver of liabilities due to directors upon conversion of convertible loans to equity.
- (ii) \$649,936 arising from the waiver of loans owed to directors of the Company.
- (iii) \$437,800 of the fair value of an embedded derivative related to convertible loan which was recognised as a capital contribution upon conversion of the loan to equity.
- (iv) \$167,630 arose from the re-denomination of the Company's share capital from SGD to USD.

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

22. Share option

On 21 May 2020, shareholders of the Company approved the Employee Share Option Plan (the "Plan") and authorised the board of directors to grant share options in compliance with the rules set out in the Plan, the Companies Act of Singapore and the Korea Exchange. On 9 November 2020, the Company granted 337,669 share options under the Plan ("2021 Options"). The exercise price of the options has been determined at \$90 per ordinary share. On 12 August 2021, the board of directors ratified the definition of employee under the Plan to include individuals who are employed under consultancy agreements. The ratification by the board of directors has been applied retrospectively to 9 November 2020.

The vesting of the options are conditional upon employees remaining in employment of the Group on the dates in which the share options vest, performance evaluation scores and certain other non-market performance conditions such as obtaining regulatory approvals on specific products. Once vested, the options are exercisable within a period of 10 years from the grant date.

The following table summarises information about share options that were outstanding at the balance sheet date:

	30 June 2022	
	Number of options	Exercise price
		\$
<u>Group and Company</u>		
2021 Options		
Beginning of financial year	259,254	90
Granted	-	90
Forfeited	(90,881)	90
End of financial year	168,373*	90

	30 June 2021	
	Number of options	Exercise price
		\$
<u>Group and Company</u>		
2021 Options		
Beginning of financial year	-	-
Granted	337,669	90
Forfeited	(78,415)	90
End of financial year	259,254*	90

* Included in the number of options at the end of the financial period are 46,679 (2021: 46,679) share options granted to individuals who are employed under consultancy agreements.

Movement of share option reserve

	30 June 2022	30 June 2021
	\$	\$
<u>Group and Company</u>		
Beginning of financial year	2,693,931	-
Employee share option reserve		
- value of employee services*	3,480,320	2,693,931
End of financial year	6,174,251	2,693,931

* Included in share option reserve is the value of services provided by individuals employed under consultancy agreements of \$1,177,085 for the year ended 30 June 2022 (2021: \$408,083).

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

22. Share option (continued)

Share option expenses

	2022 \$	2021 \$
<u>Group and Company</u>		
Share option plan		
- value of employee services*	3,480,320	2,693,931
Less: Amount capitalised as intangible assets	(338,272)	(92,868)
Amount recognised in profit or loss	<u>3,142,048</u>	<u>2,601,063*</u>

* Included in share option expense is the value of services provided by individuals employed under consultancy agreements of \$1,177,085 for the year ended 30 June 2022 (2021: \$408,083).

The weighted average fair value of options granted on 9 November 2020, determined using the Black-Scholes option pricing model was \$91.38. The significant inputs into the model were the volatility, share price, risk free rate, time to exercise, and exercise price.

The following table presents information regarding the weighted average assumptions used to determine fair value of the options as at 9 November 2020:

<u>Group and Company</u>	9 November 2020
Volatility	92%
Risk-free interest rate	0.66%
Time to exercise (years)	6.6
Exercise price (USD)	90
Share price (USD)	<u>115.29</u>

Expected volatility was derived from the historical volatility of comparable companies. The time to exercise the share options was derived from the expected employee exercise behavior. The risk-free interest rate was determined using the implied yield currently available for zero-coupon U.S. government bonds with a remaining term approximating the expected life of the options.

For options outstanding as at 30 June 2022, the weighted average contractual life is 8.4 years (2021: 9.4 years).

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

23. Revenue

- (a) There was no revenue recognised from contracts with customers during the year ended 30 June 2022 (2021: Nil).
- (b) Contract liabilities

	30 June 2022 \$	30 June 2021 \$	1 July 2020
<u>Group and Company</u>			
License fee – Distribution rights	650,000	8,650,000	7,650,000

Contract liabilities relate to upfront license fees for distribution rights and milestone payments received from distributors prior to commercialisation of products. Decrease in contract liabilities during the year ended 30 June 2022 was due to the reclassification of contract liabilities to other payables (Note 16(ii)) and other liabilities (Note 17(iii)) and termination of agreements with a distributors which were partly offset by upfront license fees received on new distribution agreements.

	30 June 2022 \$	30 June 2021 \$
<u>Group and Company</u>		
Beginning of financial year	8,650,000	7,650,000
Upfront license fee received	995,100	1,000,000
Termination of agreement	(2,500,000)	-
Reclassification to other payables	(3,825,000)	-
Reclassification to other liabilities	(2,670,100)	-
End of financial year	650,000	8,650,000

Management expects the contract liabilities of \$650,000 to be recognised in the subsequent reporting periods from 1 July 2024 up to the financial year ending 30 June 2032.

As at 30 June 2021, management expected the transaction price of \$500,000 allocated to the unsatisfied performance obligations to be recognised during the financial year ending 30 June 2022, however the contract to which this related to was terminated during the current year. The remaining amount of \$8,150,000 was expected to be recognised in the subsequent reporting years up to the financial year ending 30 June 2031.

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

24. Operating expenses

In addition to the research and development cost disclosed in the statement of comprehensive income of the Group and Company, part of the employee compensation, depreciation and other expenses disclosed in the statements of comprehensive income were incurred directly for research and development purposes. These are analysed as follows:

(in USD)	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
- Employee compensation	848,376	1,036,349	848,376	1,036,349
- Share based compensation	816,133	900,048	816,133	900,048
- Depreciation	983,431	531,415	631,197	531,415
	<u>2,647,940</u>	<u>2,467,812</u>	<u>2,295,706</u>	<u>2,467,812</u>

25. Finance income and costs

(in USD)	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
		(Restated)		(Restated)
Finance income				
Interest income	2,271,921	139,291	3,345,668	232,272
Unrealised gain on foreign currency	2,362,935	23,331	271,467	23,331
Realised gain on foreign currency	198,691	787,043	156,709	781,886
	<u>4,833,547</u>	<u>949,665</u>	<u>3,773,844</u>	<u>1,037,489</u>

(in USD)	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
		(Restated)		(Restated)
Finance costs				
Interest expense	25,379	5,456	-	-
Unrealised loss on foreign currency	3,603,853	4,187,250	2,474,100	4,189,839
Realised loss on foreign currency	273,182	690,554	18,374	649,311
	<u>3,902,414</u>	<u>4,883,260</u>	<u>2,492,474</u>	<u>4,839,150</u>

Finance costs on general financing were capitalised at a rate of 10.3% per annum (2021: 13.5% per annum) (Note 13.1).

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

26. Other income and expenses (including other gains and losses)

<i>(in USD)</i>	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
		(Restated)		(Restated)
Other income				
License fee	2,000,000	-	2,000,000	-
Grant income	13,366	390,315	572	390,315
Gain on derecognition of lease liability arising from termination of lease	45,611	-	45,611	-
Gain on disposal of assets	228,316	-	-	-
Others	165,911	351,919	163,949	351,881
	<u>2,453,204</u>	<u>742,234</u>	<u>2,210,132</u>	<u>742,196</u>

<i>(in USD)</i>	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
		(Restated)		(Restated)
Other expenses				
Collaboration agreement expense	320,000	-	320,000	-
Loss on disposal of assets	52,152	314	-	314
Repair and maintenance	190,622	250,769	187,710	250,769
Travel	252,234	88,130	177,135	82,422
Others	1,671,058	817,903	702,177	714,205
	<u>2,486,066</u>	<u>1,157,116</u>	<u>1,387,022</u>	<u>1,047,710</u>

License fee of \$2,000,000 relates to a non-refundable upfront license fee received from a distributor. This amount was previously classified under contract liabilities (Note 23). On 12 August 2021, the distributor terminated the agreement with the Group. Upon termination, the upfront license fee received was recognised as other income and 16% of the upfront license fee of \$320,000 was recognised as expense in accordance with the collaboration agreement (Note 16(i)).

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

27. Income tax expense

<i>(in USD)</i>	2022	2021
<u>Group</u>	\$	\$
Tax expense attributable to results is made up of:		
Foreign Income tax	666,624	30,000
	<u>666,624</u>	<u>30,000</u>

<i>(in USD)</i>	2022	2021
<u>Company</u>	\$	\$
Tax expense attributable to results is made up of:		
Foreign Income tax	650,502	30,000
	<u>650,502</u>	<u>30,000</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<i>(in USD)</i>	2022	2021
<u>Group</u>	\$	\$
Loss before income tax expense	(175,384,844)	(6,476,613)
Tax calculated at 17% (2021: 17%)	(29,815,423)	(1,101,024)
Tax effects of:		
Different tax rate in other countries	(926,412)	36,082
Income not subject to tax	(32,688)	(2,346,216)
Research and development tax incentives	(3,028,391)	(2,937,772)
Other tax incentives	(484,379)	-
Unrecognised deferred tax assets	12,032,397	4,950,149
Expenses not deductible for tax purposes	22,218,209	1,398,781
Exchange rate differences	52,809	-
Tax deducted at source	650,502	30,000
Income tax expense	<u>666,624</u>	<u>30,000</u>

<i>(in USD)</i>	2022	2021
<u>Company</u>	\$	\$
Loss before income tax expense	(143,554,169)	(5,566,698)
Tax calculated at 17% (2021: 17%)	(24,404,209)	(946,339)
Tax effects of:		
Income not subject to tax	(15,958)	-
Research and development tax incentives	(2,471,018)	(2,347,746)
Unrecognised deferred tax assets	4,705,216	1,903,725
Expenses not deductible for tax purposes	22,185,969	1,390,360
Tax deducted at source	650,502	30,000
Income tax expense	<u>650,502</u>	<u>30,000</u>

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

27. Income tax expense (continued)

The Group and Company have unrecognised tax losses, which include research and development tax incentives, amounting to approximately \$154,040,622 and \$140,825,223, respectively (2021: \$114,701,000 and \$111,836,353) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

28. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(a) Basic loss per share

<i>(in USD)</i>	2022	2021
	\$	\$
Loss attributable to the ordinary equity holders of the Company	(176,051,468)	(6,506,613)
Weighted average number of ordinary shares outstanding	12,019,231	10,367,022
Basic and diluted loss per share	<u>(14.65)</u>	<u>(0.63)</u>

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Group's only category of potentially dilutive ordinary shares for the year ended 30 June 2022 are share options. The weighted average number of shares in issue has been adjusted as if all dilutive share options were exercised. No adjustment is made to the net loss. Potential dilutive ordinary shares were excluded from the diluted weighted average number of ordinary shares calculation, as their effect would have been anti-dilutive. Therefore, basic loss per share is identical to diluted loss per share.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

29. Cash used in operations

a) Cash used in operations

<i>(in USD)</i>	2022	2021
	\$	\$
		(Restated)
Losses for the period	(176,051,468)	(6,506,613)
Adjustments for:		
Impairment loss on intangible assets (Note 13)	60,451,836	-
Impairment loss on loan receivables (Note 9)	51,010,087	-
Employee share option expense (Note 22)	3,142,048	2,601,063
Fair value loss/(gain) on financial asset at fair value through profit or loss (Note 14)	15,790,891	(13,276,504)
Loan termination fees	-	377,065
(Gain)/loss on disposal of property, plant and equipment	(228,316)	314
Depreciation (Note 11)	3,218,276	1,467,794
Amortisation of intangible assets (Note 13)	(930)	-
Finance income (Note 25)	(2,271,921)	(139,291)
Finance expense (Note 25)	25,379	5,456
Unrealised exchange loss/(gain)	1,202,998	(96,489)
Income tax expense (Note 27)	666,624	30,000
Gain on derecognition of lease liability (Note 26)	(45,611)	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity and exchange differences on consolidation):		
Decrease in trade and other receivables	568,552	1,097,440
(Increase)/decrease in other assets	(3,659,633)	729,108
Increase in inventories	(1,668,303)	-
(Decrease)/Increase in contract liabilities	(1,529,900)	508,933
Increase in other liabilities	15,533,982	424,215
Decrease in trade and other payables	(8,428,262)	(934,977)
Cash used in operations	<u>(42,273,671)</u>	<u>(13,712,486)</u>

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

29. Cash used in operations (continued)

a) Cash used in from operations (continued)

<u>Company</u> <i>(in USD)</i>	2022 \$	2021 \$
		(Restated)
Losses for the period	(144,204,671)	(5,596,699)
Adjustments for:		
Impairment loss on intangible assets (Note 13)	57,940,563	-
Impairment loss on loan receivables (Note 9)	51,010,087	-
Employee share option expense (Note 22)	3,142,048	2,601,063
Fair value loss/(gain) on financial asset at fair value through profit or loss (Note 14)	15,790,891	(13,276,504)
Depreciation (Note 11)	2,206,381	1,435,233
Finance income (Note 25)	(3,345,668)	(232,272)
Loan termination fees	-	377,065
Loss on disposal of property, plant and equipment	-	314
Income tax expense (Note 27)	650,502	30,000
Unrealised exchange losses	2,137,545	(132,575)
Gain on derecognition of lease liability (Note 26)	(45,611)	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity and exchange differences on consolidation):		
(Increase)/Decrease in trade and other receivables	(257,274)	1,072,003
(Increase)/Decrease in other assets	(774,960)	981,307
(Decrease)/Increase in contract liabilities	(1,529,900)	508,933
Increase in other liabilities	14,095,252	407,194
Decrease in trade and other payables	(3,605,258)	(990,162)
Cash used in operations	<u>(6,790,073)</u>	<u>(12,815,100)</u>

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

29. Cash used in operations (continued)

(b) Significant non-cash transactions

<i>(in USD)</i>	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Recognition of right-of-use assets	765,196	2,281,785	-	2,090,954
Acquisition of unpaid property, plant and equipment	2,781,814	356,314	-	-
Acquisition of unpaid intangible assets	2,270,086	1,726,294	2,270,086	1,726,294
Investment in subsidiaries	-	-	-	5,000,000

(c) Changes in liabilities arising from financing activities

Changes in liabilities arising from financial activities for the year ended 30 June 2022 are as follows:

Group

<i>(in USD)</i>	Lease liabilities	Borrowings	Total
	\$	\$	\$
As at 30 June 2021	4,334,312	2,542,500	6,876,812
Repayments of principal and interest	(1,683,110)	(2,426,855)	(4,109,965)
Interest expense	372,750	-	372,750
Additions during the year	718,982	-	718,982
Exchange differences	(193,111)	(115,645)	(308,756)
Derecognition during the year	(263,213)	-	(263,213)
As at 30 June 2022	<u>3,286,610</u>	<u>-</u>	<u>3,286,610</u>

Company

<i>(in USD)</i>	Lease liabilities
	\$
As at 30 June 2021	4,144,246
Repayments of principal and interest	(1,286,390)
Interest expense	347,371
Exchange differences	(155,730)
Derecognition during the year	(263,213)
As at 30 June 2022	<u>2,786,284</u>

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

30. Related party transactions

Details of related parties that have transactions with the Group or have outstanding balances as at 30 June 2022 and 2021 are as follows:

30 June 2022	30 June 2021	Relationship
Qion Pte Ltd	Qion Pte Ltd	Common shareholders and common director
Prestige Biologics Co., Ltd ¹ Kim Michael Jinwoo	Prestige Biologics Co., Ltd ¹ Kim Michael Jinwoo	Common shareholders Director and Shareholder

¹ As at 30 June 2022, the Group holds 3.01% (30 June 2021: 3.01%) shareholdings in Prestige Biologics Co., Ltd.

The transactions which took place between the Company and its fully owned subsidiaries during the year ended 30 June 2022 are disclosed in Note 1.1.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

30. Related party transactions (continued)

- (i) Outstanding balances arising from loans and other transactions as at 30 June 2022 are as follows:

(in USD)

Group	Relationship	Name of entity	30 June 2022			
			Receivables	Other assets		Payables
			Trade and other Receivables (Note 9, 10) \$	Deferred expenditure (a) \$	Prepaid expenses \$	Trade and other payables \$
	Common shareholders and common director	Qion Pte Ltd	4,330,760	-	-	-
	Common shareholders	Prestige Biologics Co., Ltd	58,101,913	419,216	194,055	(79,216)
			62,432,673	419,216	194,055	(79,216)

- (a) Upfront license fees received by the Group amounting to \$7,145,100 has been recorded as contract liabilities, other payables and other liabilities. Payments made to Prestige Biologics Co., Ltd under the collaboration agreement in Note 16(i) has similarly been recorded on the statement of financial position as deferred expenditure and other receivables in relation to the collaboration agreement in "Other assets" (Note 10).

Management expects that no deferred expenditure will be recognised as an expense in the next 12 months. The remaining transaction price of \$419,216 allocated to the unsatisfied performance obligations as at 30 June 2022 is expected to be recognised in the subsequent reporting years from 1 July 2024 to 30 June 2032.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

30. Related party transactions (continued)

(ii) Outstanding balances arising from loans and other transactions as at 30 June 2021 are as follows:

(in USD)

Group

Relationship

Name of entity

30 June 2021

		Receivables	Other assets	Payables	
		Trade and other Receivables (Note 9)	Deferred expenditure (a)	Borrowings (Note 18)	Trade and other payables
		\$	\$	\$	\$
Common shareholders and common director	Qion Pte Ltd	4,330,760	-	-	-
Common shareholders	Prestige Biologics Co., Ltd	-	1,344,000	-	(2,587,369)
Director	Michael Kim Jinwoo	-	-	(2,542,500)	-
		4,330,760	1,344,000	(2,542,500)	(2,587,369)

(a) As at 30 June 2021, upfront license fees received by the Group amounting to \$8,650,000 has been deferred as contract liabilities. Payments made to Prestige Biologics Co., Ltd under the collaboration agreement in Note 16(i) has similarly been recorded on the statement of financial position as deferred expenditure in relation to the collaboration agreement in "Other assets" (Note 10).

Management expects the transaction price of \$80,000 allocated to the unsatisfied performance obligations as at 30 June 2021 to be recognised in the year ending 30 June 2022. The remaining amount of \$1,264,000 is expected to be recognised in the subsequent reporting years up to the financial year ending 30 June 2031.

Outstanding balances at Company level arising from loans and non-trade transactions as at 30 June 2022 and 2021 with related parties are disclosed in Note 9 and Note 16 respectively.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

30. Related party transactions (continued)

(iii) Transactions with related parties for the year ended 30 June 2022 are as follows:

<i>(in USD)</i>		For the year ended 30 June 2022							
Group		Borrowing transactions				Trade payable transactions			
Relationship	Name of entity	Interest income	Interest expense	Repayment of borrowings	Loan disbursement	Purchases	Expenses in relation to collaboration agreement (Note 26)	Sale of property, plant and equipment and other asset	Deferred expenditure
		\$	\$	\$	\$	\$	\$	\$	\$
Common shareholders	Prestige Biologics Co., Ltd	1,481,779	-	1,500,000	110,000,000	3,360,141	320,000	21,211,746	4,000
Director	Kim Michael Jinwoo	-	2,662	2,542,500	-	-	-	-	-

(in USD)		For the year ended 30 June 2022						
Company		Borrowing transactions			Trade payable transactions			
						Expenses in relation to collaboration agreement (Note 26)	Deferred expenditure	Professional fee
Relationship	Name of entity	Interest income	Loan disbursement	Repayment of borrowings	Purchases			
		\$	\$	\$	\$	\$	\$	\$
Common shareholders	Prestige Biologics Co., Ltd	1,481,779	110,000,000	1,500,000	3,360,141	320,000	4,000	-
Subsidiary	Prestige Biopharma Australia Pty Ltd	360,121	-	-	-	-	-	-
Subsidiary	Prestige Biopharma Belgium BVBA	11,665	-	-	-	-	-	-
Subsidiary	Prestige Biopharma Korea Co., Ltd	729,750	55,000,000	45,000,000	-	-	-	-
Subsidiary	Prestige Biopharma USA Inc	-	-	-	19,749	-	-	769,778

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

30. Related party transactions (continued)

(iv) Transactions with related parties for the year ended 30 June 2021 are as follows:

(in USD)

Group

Relationship	Name of entity	Borrowing transactions				Trade payable transactions	
		Interest expense	Loan termination fee	Repayment of loan	Proceeds from borrowings	Development expenses	Deferred expenditure
		\$	\$	\$	\$	\$	\$
Common shareholders	Prestige Biologics Co., Ltd	-	-	-	-	4,080,002	160,000
Director	Kim Michael Jinwoo	9,291	377,065	434,655	(2,542,000)	-	-

(in USD)

Company

Relationship	Name of entity	Borrowing transactions					Trade payable transactions	
		Interest income	Interest expense	Loan termination fee	Repayment of loan	Proceeds from borrowings	Development expenses	Deferred expenditures
		\$	\$	\$	\$	\$	\$	\$
Common shareholders	Prestige Biologics Co., Ltd	-	-	-	-	-	4,080,002	160,000
Director	Kim Michael Jinwoo	-	9,291	377,065	434,655	(2,542,000)	-	-
Subsidiary	Prestige Biopharma Australia Pty Ltd	78,000	-	-	-	-	-	-
Subsidiary	Prestige Biopharma Belgium BVBA	5,763	-	-	-	-	-	-

Prestige Biopharma Limited and subsidiaries

Notes to the Financial Statements

For the financial year ended 30 June 2022

30. Related party transactions (continued)

Key management include the directors of the Company. The compensation paid or payable to key management for employee services for the year ended 30 June 2022 and 2021 consist of:

<i>(in USD)</i>	2022	2021
	\$	\$
Group		
Directors' remuneration	765,169	705,663
Directors' fees	42,074	68,070
Contributions to defined benefit plan	41,098	22,715
Share option expense	250,511	103,513
	<u>1,098,852</u>	<u>899,961</u>

31. Commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

<i>(in USD)</i>	2022	2021
	\$	\$
Group		
Property, plant and equipment	<u>41,850,057</u>	<u>2,732,353</u>

32. Operating Segment Information

The Group's chief operating decision makers comprise the Chief Executive Officer and the Chief Operating Officer of the Company. Management determined the operating segments based on the reports reviewed by management that are used to make strategic decisions, allocate resources and assess performance.

As of 30 June 2022, the Group's key focus remains to be on the development of its pharmaceutical products and as such management manages and monitors the business for the Group as single business segment. Management assesses the performance of the operating segment based on the profit/loss before tax of the Group.

The amounts reported to the management with respect to profit/loss before tax, total asset and total liabilities are measured in a manner consistent with that of the consolidated financial statements.

(i) Geographical information

The Group has no revenue recognised during the year ended 30 June 2022 (2021: Nil).

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

32. Operating Segment Information (continued)

(ii) Carrying amount of non-current assets by geographical markets are as follows:

<i>(in USD)</i>	Non-current assets	
	2022	2021
	\$	\$
Singapore	52,018,818	106,823,989
Korea	32,868,506	20,812,769
Others	2,968,854	-

Non-current assets information presented above consist of property, plant and equipment, intangible assets and loss and other assets as presented in the statement of financial position.

33. Restatement of prior year comparatives

Certain account balances of the Group and Company for the year ended 30 June 2021 have been reclassified to conform with the presentation in Korean financial statements submitted to the Korea Exchange, which is in line with the presentation format adopted by comparable companies in Korea. There is no net impact arising from the restatement of prior year comparatives on the statements of comprehensive income.

(a) Statement of comprehensive income

Group	For the year ended 30 June 2021 as previously stated	Reclassification	For the year ended 30 June 2021, as restated
	\$		\$
Expenses by nature/Operating expenses			
- Research and development	(5,867,633)	(44,279)	(5,911,912)
- Employee compensation	(3,534,577)	235,976	(3,298,601)
- Contributions to defined benefit plan	-	(319,818)	(319,818)
- Other employee benefits/Employee benefits	(121,161)	72,860	(48,301)
- Share option expense/Share option	(2,601,020)	(43)	(2,601,063)
- Legal, regulatory and professional fees	(1,427,497)	(329,654)	(1,757,151)
- Depreciation	(1,468,629)	835	(1,467,794)
- Advertising and promotion expenses	(10,799)	10,799	-
- Travel expenses	(86,696)	86,696	-
- Freight	(30,201)	30,201	-
- Interest expense	(5,456)	5,456	-
- Loan termination fees	(377,065)	377,065	-
- Others	(1,036,478)	(120,638)	(1,157,116)
Finance income	117,387	832,278	949,665
Finance costs	-	(4,883,260)	(4,883,260)
Other income			
- Fair value gain on financial asset at fair value through profit or loss	-	13,276,504	13,276,504
- Others	764,137	(21,903)	742,234
Other gains/(losses)	9,209,075	(9,209,075)	-

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

33. Restatement of prior year comparatives (continued)

(b) Statement of financial position

Group	As at 30 June 2021 as previously stated \$	Reclassification \$	As at 30 June 2021, as restated \$
Assets			
Current assets			
Trade and other receivables	-	334,233	334,233
Other assets	851,115	(334,233)	516,882
Non-current assets			
Other assets	4,646,602	(566,470)	4,080,132
Trade and other receivables	-	566,470	566,470
Liabilities			
Current liabilities			
Trade and other payables	8,214,211	(3,157,100)	5,057,111
Other liabilities	-	3,157,100	3,157,100
Borrowings	3,716,301	(1,173,801)	2,542,500
Lease liabilities	-	1,173,801	1,173,801

Group	As at 30 June 2020 as previously stated \$	Reclassification \$	As at 30 June 2020, as restated \$
Assets			
Current assets			
Trade and other receivables	922,088	167,764	1,089,852
Other assets	2,271,998	(167,764)	2,104,234
Non-current assets			
Trade and other receivables	-	238,922	238,922
Other assets	1,422,922	(238,922)	1,184,000
Liabilities			
Current liabilities			
Trade and other payables	6,497,449	(918,140)	5,579,309
Other liabilities	-	1,113,865	1,113,865
Borrowings	369,647	(369,647)	-
Lease liabilities	-	366,723	366,723
Deferred income	192,801	(192,801)	-
Non-current liabilities			
Borrowings	2,027,647	(2,027,647)	-
Lease liabilities	-	1,965,862	1,965,862
Trade and other payables	-	51,017	51,017
Other liabilities	-	10,768	10,768

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

33. Restatement of prior year comparatives (continued)

(a) Statement of financial position

Company	As at 30 June 2021 as previously stated \$	Reclassification \$	As at 30 June 2021, as restated \$
Assets			
Current assets			
Trade and other receivables	-	170,472	170,472
Other assets	380,147	(149,997)	230,150
Non-current assets			
Trade and other receivables	5,989,617	420,461	6,410,078
Other assets	1,704,936	(440,936)	1,264,000
Liabilities			
Current liabilities			
Trade and other payables	12,477,263	(3,127,909)	9,349,354
Other liabilities	-	3,127,909	3,127,909
Borrowings	1,048,001	(1,048,001)	-
Lease liabilities	-	1,048,001	1,048,001
Non-current liabilities			
Borrowings	3,096,245	(3,096,245)	-
Lease liabilities	-	3,096,245	3,096,245

Company	As at 30 June 2020 as previously stated \$	Reclassification \$	As at 30 June 2020, as restated \$
Assets			
Current assets			
Trade and other receivables	920,000	146,497	1,066,497
Other assets	1,294,879	(146,497)	1,148,382
Non-current assets			
Trade and other receivables	4,870,737	238,920	5,109,657
Other assets	1,422,920	(238,920)	1,184,000
Liabilities			
Current liabilities			
Trade and other payables	6,219,429	(915,545)	5,303,884
Other liabilities	-	1,111,270	1,111,270
Borrowings	369,647	(369,647)	-
Deferred Income	192,801	(192,801)	-
Lease liabilities	-	366,723	366,723
Non-current liabilities			
Borrowings	2,027,647	(2,027,647)	-
Trade and other payables	-	51,017	51,017
Other liabilities	-	10,768	10,768
Lease liabilities	-	1,965,862	1,965,862

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

33. Restatement of prior year comparatives (continued)

(b) Statement of Cash Flows

Group	For the year ended 30 June 2021 as previously stated \$	Reclassification \$	For the year ended 30 June 2021, as restated \$
Cash used in operations	(13,563,952)	(34,311)	(13,598,263)
Cash used in investing activities:			
Additions to property, plant and equipment	(846,523)	10,973	(835,550)
Additions to intangible assets	(15,108,837)	(41)	(15,108,878)
Interest payment on lease liabilities	(428,512)	8,174	(420,338)
Additions to other assets	(3,140,795)	62,258	(3,078,537)
Cash flows from financing activities:			
Proceeds from borrowings	2,478,145	(40,450)	2,437,695
Repayment of borrowings	(425,364)	(3,643)	(429,007)
Principal payment of lease liabilities	(356,718)	(2,960)	(359,678)

34. Subsequent events

Sale of vaccine manufacturing assets to a related party

Prestige Biopharma Korea Co., Ltd., a subsidiary of the Group, entered into an agreement with Prestige Biologics Co., Ltd. ("PBL") on 22 August 2022 to sell vaccine manufacturing related assets. The contract amount for the transfer of related assets is KRW19,303,074,332 (USD 15,635,489).

Refinancing of loan due from related party

As part of the repayment agreement entered into between the Company and Prestige Biologics Co., Ltd ("PBL") on 26 August 2022, the Group and the Company received a loan repayment of \$18,400,000 from PBL on 2 September 2022.

As part of this arrangement, on 5 September 2022, the Company subscribed for 13,787,830 new ordinary shares of PBL (representing 22.56% of PBL's total ordinary shares) at an issue price of KRW4,342 per share and paid a total consideration of KRW59,866,757,860 (equivalent to USD 44,140,575). Upon issuance of the new ordinary shares, the Group's and the Company's ownership in PBL increased to 24.88%.

On 6 September 2022, the Group and the Company received a further loan repayment of \$27,600,000 from PBL.

Withdrawal of request for re-examination of marketing authorisation for HD201

On 14 September 2022, the Group withdrew their request for re-examination of marketing authorisation for HD201 which was submitted on 23 May 2022.

Prestige Biopharma Limited and subsidiaries
Notes to the Financial Statements
For the financial year ended 30 June 2022

34. Subsequent events (continued)

Loan repayment from subsidiary

On 2 September 2022, Prestige Biopharma Korea Co., Ltd repaid KRW 12,345,680,000 (equivalent to USD10,000,000) of borrowings to Prestige Biopharma Limited.

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