

Argenica Therapeutics Limited
Appendix 4E
Final report

1. Company details

Name of entity:	Argenica Therapeutics Limited
ABN:	78 637 578 753
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

				\$
Revenues from ordinary activities	up	511%	to	1,810,896
Loss from ordinary activities after tax attributable to the owners of Argenica Therapeutics Limited	up	18%	to	(4,815,044)
Loss for the year attributable to the owners of Argenica Therapeutics Limited	up	18%	to	(4,815,044)

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2023	0.0	0.0
Interim dividend for the year ended 30 June 2023	0.0	0.0

No dividend has been declared.

Comments

The loss for the company after providing for income tax amounted to \$4,815,044 (30 June 2022: \$4,090,752).

Revenue during the period included a \$1,377,917 (30 June 2022: \$259,098) R&D tax incentive rebate, interest income of \$60,997 (30 June 2022: \$2,504), \$350,000 (30 June 2022: \$Nil) in non-dilutive contributions from philanthropic donors via the Perron Institute for Neurological and Translational Science Ltd (Perron Institute) to progress preclinical studies into the efficacy of the company's neuroprotective therapeutic drug ARG-007 in Alzheimer's Disease and government grant income of \$21,982 (30 June 2022: \$Nil). During the period, the company was awarded \$1.2 million in non-dilutive grant funding under the federal government's Cooperative Research Centre Projects (CRC-P) program for the project "A novel therapeutic for the treatment of traumatic brain injury".

Operating expenses during the period were principally related to research and developments costs of a neuroprotective therapeutic drug, employee and corporate and administration expenses and non-cash share-based payments. Research and development costs increased during the period to \$4,308,080 (30 June 2022: \$2,496,053) with the completion of a Phase 1 trial and commencement of planning activities for a Phase 2 trial of ARG-007 in ischaemic stroke patients. Share-based payments consist of the expensing of options issued to employees and contractors.

Net operating cash outflows for the period were \$3,330,316 (30 June 2022: \$3,361,673) with an increase in non-dilutive cash funding supporting an increase in expenditure on research and development activities. Non-dilutive cash funding was received from the company's R&D Tax incentive claim for the year ended 30 June 2022 of \$1,377,917 (30 June 2022: \$259,098), contributions from the Perron Institute inclusive of GST of \$350,000 (30 June 2022: \$Nil) and government grant received inclusive of GST of \$721,104 (30 June 2022: \$Nil). The Australian Commonwealth Government's R&D Tax incentive program provides a cash refund on eligible research and development activities performed by Australian companies.

Net financing cash inflows for the period were \$3,725,015 following a placement to professional and sophisticated investors in June 2023 of 11,428,572 shares at an issue price of \$0.35 per share raising \$4,000,000 (before transaction costs).

The company had a net asset position at 30 June 2023 of \$7,666,440 (30 June 2022: \$8,307,491). The net asset position included \$9,289,156 of cash and cash equivalents (30 June 2022: \$8,914,457) and deferred income of \$659,069 (30 June 2022: \$Nil) being the unearned portion of the \$681,051 (GST exclusive) government grant received by the company during the period in relation to the CRC-P grant. Revenue recognised for this grant amounted to \$21,982 (30 June 2022: \$Nil).

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The company has used the cash and assets in a form readily convertible to cash that it had at the time of the company's admission to the Official List of the ASX on Wednesday 9 June 2021 in a way consistent with its business objectives up to 30 June 2023.

As an early-stage company, the company's business model is highly dependent on the achievement of continued pre-clinical and clinical development success, future funding, regulatory approvals, customer engagement and general financial and economic factors.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>7.79</u>	<u>9.47</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

8. Attachments

The Annual Report of Argenica Therapeutics Limited for the year ended 30 June 2023 is attached.

9. Signed

Signed  _____

Date: 22 August 2023

Geoffrey Pocock
Director

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Argenica Therapeutics Limited

ABN 78 637 578 753

Annual Report – 30 June 2023



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Argenica Therapeutics Limited
Corporate directory
30 June 2023

Directors	Mr Geoff Pocock Dr Liz Dallimore Dr Sam South Ms Liddy McCall Mr Terry Budge
Company secretary	Ms Emma Waldon
Registered office	Unit 4, 117 Broadway Nedlands WA 6009
Principal place of business	Unit 4, 117 Broadway Nedlands WA 6009
Share register	Link Administration Services Pty Limited QV1 Building, Level 12, 250 St Georges Terrace Perth WA 6000
Auditor	RSM Australia Partners Level 32, 2 The Esplanade Perth WA 6000
Solicitors	HWL Ebsworth Level 20, 240 St Georges Terrace, Alluvion Perth WA 6000
Bankers	BankWest Level 26 45 Clarence Street Sydney NSW 2000
Stock exchange listing	Argenica Therapeutics Limited shares are listed on the Australian Securities Exchange (ASX code: AGN)
Website	www.argenica.com.au
Corporate Governance Statement	https://argenica.com.au/investors/#corporate-governance

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Argenica Therapeutics Limited
Chairman and Managing Director's Letter
30 June 2023

On behalf of the Board, we are pleased to present the 2023 Annual Report to shareholders.

Argenica Therapeutics Limited (ASX: AGN) ("Argenica" or the "company") is a biotechnology company developing novel therapeutics to reduce brain tissue death after stroke, and other types of brain injury.

The year has been pivotal for Argenica with the successful completion of the first in-human Phase 1 clinical trial for the company's lead candidate ARG-007. We now have quality assured data showing ARG-007 is safe and well tolerated in healthy humans, and is fast acting, reaching its maximum concentration in the blood at 10 minutes but with a relatively long half-life to exert its action for longer. With 1.9 million brain cells dying every minute after stroke, time to maximum drug concentration is critical. This Phase 1 data allows Argenica to progress into Phase 2 trials in acute indications, including ischaemic stroke, hypoxic ischaemic encephalopathy, and moderate to severe traumatic brain injury.

Argenica's strategic priority is to advance ARG-007 through clinical trials in acute ischaemic stroke. Globally, stroke is one of the leading causes of mortality and disability and there are substantial economic costs for post-stroke care. However, despite considerable and ongoing research, there are currently no universally marketed treatments capable of protecting the brain from damage following stroke. The search for widely applicable and effective neuroprotective agents for diverse patient populations remains urgent and Argenica sees a large commercial opportunity responding to this clinical unmet need.

In June 2023, Argenica was pleased to secure additional funding via a \$4.0 million placement which will enable the company to commence a Phase 2 trial of ARG-007 in ischaemic stroke patients. Planning activities for this trial are significantly advanced with global Clinical Research Organisation ProPharma engaged, who have extensive experience in supporting acute trials in emergency settings. Site start-up activities at each of the proposed clinical trial sites have commenced, with global stroke leader Prof Graeme Hankey (the trial's National Coordinating Principal Investigator) and key trial personnel engaging the Neurology and Stroke Departments at each of the proposed trial sites to provide background on the trial and determine the most appropriate Principal Investigator Neurologist at each hospital.

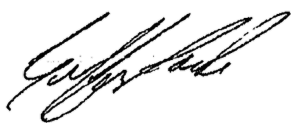
Argenica has submitted an ethics application seeking approval for its Phase 2 trial of ARG-007 to St Vincent's Hospital Melbourne's Human Research Ethics Committee, with a decision on the outcome expected in mid-September 2023. The ethics approval will allow Argenica to undertake its Phase 2 trial in up to 10 hospitals (trial sites) across Australia. The drug manufacturing process has also been initiated and it is expected that the vials of sterilised ARG-007 will arrive at trial sites by mid-December 2023 ready for administration to patients as recruitment and dosing of patients commences in the first quarter of calendar year 2024.

In parallel with planning for a Phase 2 clinical trial of ARG-007 in ischaemic stroke patients, Argenica is also actively undertaking preclinical studies to generate efficacy data required to progress ARG-007 into clinical trials for other neurological conditions where ARG-007 may have a therapeutic benefit, including hypoxic ischaemic encephalopathy (HIE) traumatic brain injury (TBI) and Alzheimer's Disease.

During the year, over \$4 million in non-dilutive grant and philanthropic funding was secured to support further preclinical activities in these other neurological indications. Argenica is very appreciative of the funding support received from the federal government, the Stan Perron Charitable Foundation, the McCusker Foundation, and donors to the Perron Institute to progress therapeutic areas of TBI, HIE and Alzheimer's Disease.

The program for the upcoming year is a busy and exciting one as we commence a Phase 2 trial in ischaemic stroke patients and advance pre-clinical studies in other key neurological conditions. We appreciate the ongoing support of all our shareholders, employees and research and clinical collaborators, and look forward to updating you on our future developments.

Yours faithfully



Geoff Pocock
Chairman
Argenica Therapeutics Limited



Liz Dallimore
Managing Director and Chief Executive Officer
Argenica Therapeutics Limited

Argenica Therapeutics Limited
Directors' Report
30 June 2023

The directors present their report, together with the financial statements, of Argenica Therapeutics Limited (referred to hereafter as the 'company') for the year ended 30 June 2023.

Directors

The following persons were directors of Argenica Therapeutics Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Geoff Pocock
Dr Liz Dallimore
Dr Sam South
Ms Liddy McCall
Mr Terry Budge

Principal activities

During the period the principal continuing activities of the company consisted of research and development of a neuroprotective therapeutic drug.

Dividends

There were no dividends paid during the financial year ended 30 June 2023 (30 June 2022: nil).

Review of operations

The loss for the company after providing for income tax amounted to \$4,815,044 (30 June 2022: \$4,090,752).

Revenue during the period included a \$1,377,917 (30 June 2022: \$259,098) R&D tax incentive rebate, interest income of \$60,997 (30 June 2022: \$2,504), \$350,000 (30 June 2022: \$Nil) in non-dilutive contributions from philanthropic donors via the Perron Institute for Neurological and Translational Science Ltd (Perron Institute) to progress preclinical studies into the efficacy of the company's neuroprotective therapeutic drug ARG-007 in Alzheimer's Disease and government grant income of \$21,982 (30 June 2022: \$Nil). During the period, the company was awarded \$1.2 million in non-dilutive grant funding under the federal government's Cooperative Research Centre Projects (CRC-P) program for the project "A novel therapeutic for the treatment of traumatic brain injury".

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Argenica Therapeutics Limited
Directors' report
30 June 2023

As an early-stage company, the company's business model is highly dependent on the achievement of continued pre-clinical and clinical development success, future funding, regulatory approvals, customer engagement and general financial and economic factors.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

On 3 August 2023, 800,000 ordinary shares were issued on the exercise of 800,000 options with an exercise price of \$0.30 each generating cash exercise proceeds of \$240,000 (before share issue costs).

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

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

Information on directors

Name:	Mr Geoff Pocock
Title:	Non-Executive Chairman
Qualifications:	B.Sc., LLB
Experience and expertise:	Geoff is an experienced strategy consultant and commercialisation professional, with over 20 years' experience across the commercialisation process. Geoff's experience has covered technical roles, executive management as well as significant corporate finance and strategy roles with a number of technology commercialisation ventures. Geoff is the Principal of Polaris Consulting (WA) Pty Ltd, a specialist boutique commercialisation strategy and corporate advisory business based in Western Australia. He is also currently an a Non-Executive Director of EMVision Medical Devices Ltd (ASX:EMV) and the former Managing Director / Co-Founder of Hazer Group Limited (ASX: HZR) and Executive Director of Osteopore Ltd (ASX:OSX).
Other current directorships:	EMVision Medical Devices Ltd (ASX:EMV)
Former directorships (last 3 years):	Osteopore Ltd (ASX:OSX)
Special responsibilities:	Member of Audit & Risk Committee and Nomination & Remuneration Committee
Interests in shares:	4,436,690
Interests in options:	500,000
Contractual rights to shares:	None

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Directors' report
30 June 2023

Name: Dr Liz Dallimore
 Title: Managing Director and Chief Executive Officer
 Qualifications: B. Sc. (Hons), MBA, PhD
 Experience and expertise: Dr Liz Dallimore is a research & development, innovation and commercialisation specialist with over 20 years' experience across Australia and the UK. Prior to joining Argenica Therapeutics, Dr Dallimore was the Director of the WA Data Science Innovation Hub, tasked with working across WA businesses to establish innovative data science projects. Dr Dallimore has also held senior roles in management consulting across Australia, most recently as KPMG's National Director of Research Engagement and Commercialisation. Prior to this she held senior roles with Ernst & Young and PricewaterhouseCoopers. Dr Dallimore is a co-founder of medical device company Inspiring Holdings, sits on the AusBiotech WA Committee and is a non-executive Director of NERA, a Federal Government Growth Centre. Dr Dallimore has a PhD in Neuroscience jointly completed at Oxford University and the University of Western Australia and has worked as a neuroscientist at the Australian Neuromuscular Research Institute (now Perron Institute). In 2020, Dr Dallimore was recognised at one of Western Australia's Top Women in Tech.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: None
 Interests in shares: 50,000
 Interests in options: 4,500,000
 Contractual rights to shares: None

Name: Dr Sam South
 Title: Executive Director
 Qualifications: PhD, MBA, BSc (Hons), GAICD
 Experience and expertise: Sam was formerly the Senior Commercialisation Officer (Life Sciences) in the Research Development & Innovation office at The University of Western Australia (UWA) and has over 12 years' experience in technology transfer in medtech / biotech sector, at The University of Queensland (UQ), Queensland University of Technology and UWA. Sam has extensive background in medical research at Weill Medical College at Cornell University (NY), UQ and The Garvan Institute in CNS research. She was also the Preclinical Manager at TetraQ, a preclinical contract organisation, specialising in central nervous system animal models. Sam was the UWA Director on UWA spin-out companies MiReven Pty Ltd, Eridan Technologies Pty Ltd and OncoRes Medical Pty Ltd and is currently a Director of Rage Biotech Pty Ltd. Sam is also WA Ausbiotech Committee Chair, part of the Ausmedtech National Advisory Group and the SBE Life Sciences Council.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: None
 Interests in shares: 2,000,000
 Interests in options: 1,000,000
 Contractual rights to shares: None

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Argenica Therapeutics Limited
Directors' report
30 June 2023

Name: Ms Liddy McCall
Title: Non-Executive Director
Qualifications: LLB., B.Juris, B.Com (Hons), GDipApFin (SIA), GAICD
Experience and expertise: Liddy is co-founder of 3 biotechnology companies successfully achieving 3 FDA drug registrations and 1 FDA/CE Mark medical device approval. She is an inventor on patents granted in major jurisdictions translating novel G-protein coupled pharmacology into a therapeutic drug treatment currently in Phase 2 clinical trials. Liddy cofounded IIF venture capital fund, Yuuwa Capital LP. Liddy has over 25 years of experience in senior Board and management roles including Adalta Ltd (ASX: 1AD), iCeutica Inc group (acquired in 2011), Dimerix Bioscience Pty Ltd (now Dimerix Limited ASX:DXB) and iCetana Pty Ltd (now iCetana Limited ASX:ICE). Liddy was an Associate Director in the Corporate Advisory Group of Macquarie Bank and prior to that worked as a lawyer with a leading Australian law firm. She has qualifications in law and finance. Liddy is also a non-executive director of the not-for profit Ear Science Institute Australia.

Other current directorships: None
Former directorships (last 3 years): Adalta Ltd (ASX: 1AD)
Special responsibilities: Chair of Nomination & Remuneration Committee and Member of Audit & Risk Committee
Interests in shares: 125,000
Interests in options: 500,000
Contractual rights to shares: None

Name: Mr Terry Budge
Title: Non-Executive Director
Qualifications: B.Ecs, FAICD
Experience and expertise: Terry has significant experience in senior management and board roles. A long term banker he spent 25 years with National Australia Bank in senior executive roles before serving as Managing Director of Bankwest from 1997 to 2004. Since then he has had many non-executive director roles including Chancellor of Murdoch University from 2006 to 2013 (appointed to Senate 1 June 2004). Terry was an independent director for Westoz Investment Company Limited (ASX: WIC) until its acquisition by WAM Capital Ltd in 2023. Terry is a Graduate of the Advanced Management Program from Harvard Business School, a Graduate and Fellow of the Australian Institute of Company Directors (AICD) and a Senior Fellow of FINSIA.

Other current directorships: None
Former directorships (last 3 years): Westoz Investment Company Limited (ASX: WIC)
Special responsibilities: Chair of Audit & Risk Committee and Member of Nomination & Remuneration Committee
Interests in shares: 487,520
Interests in options: 500,000
Contractual rights to shares: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Argenica Therapeutics Limited
Directors' report
30 June 2023

Company secretary

Emma Waldon has held the role of Company Secretary since 20 November 2019. Emma has diverse corporate advisory, capital markets and corporate governance experience having held roles in accounting and debt and equity capital markets in Australia and the United Kingdom. Emma Waldon qualified as a Chartered Accountant with Ernst & Young in Perth, worked as an Equities Analyst with Euroz Securities and spent 9 years in London with Bank of Scotland and Lloyds Bank originating and re-structuring debt finance for private equity leveraged buy-outs of businesses across Europe. Emma is currently Company Secretary of EMVision Medical Devices Ltd (ASX: EMV) and previously Company Secretary of Hazer Group Limited (ASX: HZR).

Emma Waldon completed a Bachelor of Commerce at UWA, a Post Graduate Diploma in Applied Finance and Investment from Securities Institute of Australia and is a member of the Institute of Chartered Accountants of Australia and a Certificated Member of the Governance Institute of Australia

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Geoff Pocock	6	6	-	-	1	1
Sam South	6	6	-	-	-	-
Liddy McCall	6	6	-	-	1	1
Terry Budge	6	6	-	-	1	1
Liz Dallimore	6	6	-	-	-	-

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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Argenica Therapeutics Limited
Directors' report
30 June 2023

The company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having value creation and capital growth in advance of economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of growth in share price and eventually dividends, and delivering constant or increasing return on assets as well as focusing on key non-financial drivers of value; and
- attracting and retaining high calibre executives

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

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

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors do not receive any retirement benefits, other than statutory superannuation.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was via a resolution of all shareholders at a meeting held on 6 November 2020, where shareholders approved that the aggregate fixed remuneration for all non-executive directors as determined by the Board is not to exceed \$500,000 per annum. Directors' fees cover all main board and committee activities.

The level of non-executive director fixed fees as at the reporting date are as follows:

Geoff Pocock	\$72,000 plus statutory superannuation per annum
Liddy McCall	\$30,000 plus statutory superannuation per annum
Terry Budge	\$30,000 plus statutory superannuation per annum

Non-executive directors may also receive performance related compensation via options following receipt of shareholder approval. The issue of share-based payments as part of non-executive director remuneration ensures that director remuneration is competitive with market standards as well as providing an incentive to pursue longer term success for the company. It also reduces the demand on the cash resources of the company and assists in ensuring the continuity of service of directors who have extensive knowledge of the company, its business activities and assets and the industry in which it operates. Details of share-based compensation are contained in this report.

Executive remuneration

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

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed at least annually based on individual performance, the overall performance of the company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the company and provides additional value to the executive.

Argenica Therapeutics Limited
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30 June 2023

Performance based short-term incentives ('STI') may be provided to executives to align the targets of the business with the targets of those executives responsible for meeting those targets.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options may be awarded to executives based on long-term incentive measures including increasing shareholder value. Share-based LTIs issued to Directors are subject to shareholder approval. The Nomination and Remuneration Committee will review the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2023. Details of share-based compensation are contained in this report.

Use of remuneration consultants

The company did not engage the services of any remuneration consultants during the financial year.

Voting and comments made at the company's Annual General Meeting ('AGM')

The company received 99.59% "for" votes on its Remuneration Report for the year ended 30 June 2022.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors and management of Argenica Therapeutics Limited:

- Geoff Pocock – Non-Executive Chairman
- Sam South - Executive Director
- Liddy McCall – Non-Executive Director
- Terry Budge - Non-Executive Director
- Liz Dallimore – Managing Director and Chief Executive Officer

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2023	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Geoff Pocock	72,000	-	-	7,560	-	-	3,748	83,308
Liddy McCall	30,000	-	-	3,150	-	-	3,748	36,898
Terry Budge	30,000	-	-	3,150	-	-	3,748	36,898
<i>Executive Directors:</i>								
Liz Dallimore	250,000	-	-	26,250	-	-	398,705	674,955
Sam South	180,000	-	-	18,900	-	-	7,497	206,397
	562,000	-	-	59,010	-	-	417,446	1,038,456

Argenica Therapeutics Limited
Directors' report
30 June 2023

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2022	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Geoff Pocock	72,000	-	-	7,200	-	-	17,308	96,508
Liddy McCall	30,000	-	-	3,000	-	-	17,308	50,308
Terry Budge	30,000	-	-	3,000	-	-	17,308	50,308
<i>Executive Directors:</i>								
Liz Dallimore*	227,500	-	-	22,750	-	-	86,539	336,789
Sam South	180,000	-	-	18,000	-	-	34,616	232,616
	<u>539,500</u>	<u>-</u>	<u>-</u>	<u>53,950</u>	<u>-</u>	<u>-</u>	<u>173,079</u>	<u>766,529</u>

*Appointed as Managing Director on 4 April 2022 in addition to existing role as Chief Executive Officer.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Geoff Pocock	96%	82%	-	-	4%	18%
Liddy McCall	90%	66%	-	-	10%	34%
Terry Budge	90%	66%	-	-	10%	34%
<i>Executive Director:</i>						
Liz Dallimore	41%	74%	-	-	59%	26%
Sam South	96%	85%	-	-	4%	15%

Argenica Therapeutics Limited
Directors' report
30 June 2023

Service agreements

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

Name: Liz Dallimore
Title: Managing Director and Chief Executive Officer
Agreement commenced: 21 March 2021
Term of agreement: Open
Details: Under the agreement, Liz Dallimore is entitled to receive an annual base salary of \$250,000 (excluding superannuation) from appointment as Managing Director on 4 April 2022, in addition to existing role as Chief Executive Officer. Prior to appointment as Managing Director, the base salary was \$220,000 (excluding superannuation) from Admission of the Company to the ASX. From Commencement Date until Admission of the Company to the ASX the base salary was \$200,000 (excluding superannuation) with engagement at 40% of a full-time equivalent (FTE) employee. The agreement is for an indefinite term, continuing until terminated by either the Company or Liz Dallimore, giving not less than 3 months' written notice of termination (or shorter periods in limited circumstances).

Name: Sam South
Title: Executive Director
Agreement commenced: 22 October 2020
Term of agreement: Open
Details: Under the agreement, Sam South is entitled to receive a base salary of \$180,000 (excluding superannuation) from Admission of the Company to the ASX until termination. From Commencement Date until Admission of the Company to the ASX the base salary was \$160,000 (excluding superannuation) with engagement at 40% of a full-time equivalent (FTE) employee. The agreement is for an indefinite term, continuing until terminated by either the Company or Sam South, giving not less than 3 months' written notice of termination (or shorter periods in limited circumstances).

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

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

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Argenica Therapeutics Limited
Directors' report
30 June 2023

Options

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Geoff Pocock	250,000	14/04/2021	9/12/2021	30/09/2024	\$0.30	\$0.0523
Liddy McCall	250,000	14/04/2021	9/12/2021	30/09/2024	\$0.30	\$0.0523
Terry Budge	250,000	14/04/2021	9/12/2021	30/09/2024	\$0.30	\$0.0523
Sam South	500,000	14/04/2021	9/12/2021	30/09/2024	\$0.30	\$0.0523
Liz Dallimore	1,250,000	14/04/2021	9/12/2021	30/09/2024	\$0.30	\$0.0523
Geoff Pocock	250,000	14/04/2021	9/12/2022	30/09/2024	\$0.30	\$0.0559
Liddy McCall	250,000	14/04/2021	9/12/2022	30/09/2024	\$0.30	\$0.0559
Terry Budge	250,000	14/04/2021	9/12/2022	30/09/2024	\$0.30	\$0.0559
Sam South	500,000	14/04/2021	9/12/2022	30/09/2024	\$0.30	\$0.0559
Liz Dallimore	1,250,000	14/04/2021	9/12/2022	30/09/2024	\$0.30	\$0.0559
Liz Dallimore	1,000,000 ¹	24/11/2022	3/3/2023	03/06/2025	\$0.65	\$0.2400
Liz Dallimore	1,000,000 ¹	24/11/2022	3/12/2023	03/06/2025	\$0.65	\$0.2400

These options were awarded to Liz Dallimore (Managing Director and Chief Executive Officer), on 3 June 2022 subject to shareholder approval. The grant date for accounting purposes is the date shareholder approval was obtained at the company's annual general meeting on 24 November 2022. The options have the following vesting conditions:

- 1,000,000 options vested on 3 March 2023 after continuous service from issue date; and
- 1,000,000 options will vest on 3 December 2023 after continuous service from issue date.

Options granted carry no dividend or voting rights.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Value of options granted during the year \$	Value of options expensed during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the Year %
Geoff Pocock	-	3,748	-	-	4%
Liddy McCall	-	3,748	-	-	10%
Terry Budge	-	3,748	-	-	10%
Sam South	-	7,497	-	-	4%
Liz Dallimore	480,090	398,705	-	-	59%
	<u>480,090</u>	<u>417,446</u>	<u>-</u>	<u>-</u>	

Argenica Therapeutics Limited
Directors' report
30 June 2023

Additional information

The earnings of the company for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Revenue	1,810,896	261,602	296,277	249	N/A
EBITDA	(4,874,991)	(4,093,256)	(1,029,501)	(383,403)	N/A
EBIT	(4,874,991)	(4,093,256)	(1,029,501)	(383,403)	N/A
Loss after income tax	(4,815,044)	(4,090,752)	(1,029,501)	(383,403)	N/A

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

	2023	2022	2021	2020	2019
Share price at financial year end (\$)	0.375	0.43	0.20	N/A	N/A
Total dividends declared (cents per share)	-	-	-	N/A	N/A
Basic earnings per share (cents per share)	(5.5)	(5.5)	(2.9)	(2.3)	N/A

N/A – Not applicable as Argenica Therapeutics Limited was incorporated on 20 November 2019, admitted to the Official List of ASX on 9 June 2021, and commenced trading on the ASX on 11 June 2021.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Geoff Pocock	4,436,690	-	-	-	4,436,690
Sam South	2,000,000	-	-	-	2,000,000
Liddy McCall	125,000	-	-	-	125,000
Terry Budge	487,520	-	-	-	487,520
Liz Dallimore	50,000	-	-	-	50,000
	<u>7,099,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,099,210</u>

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Geoff Pocock	500,000	-	-	-	500,000
Sam South	1,000,000	-	-	-	1,000,000
Liddy McCall	500,000	-	-	-	500,000
Terry Budge	500,000	-	-	-	500,000
Liz Dallimore	2,500,000	2,000,000	-	-	4,500,000
	<u>5,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>7,000,000</u>

Other transactions with key management personnel and their related parties

Polaris Consulting (WA) Pty Ltd is an entity that Geoff Pocock has a relevant interest in.

All transactions were made on normal commercial terms and conditions and at market rates.

Argenica Therapeutics Limited
Directors' report
30 June 2023

	2023	2022
	\$	\$
<u>Payment for services provided by Polaris Consulting (WA) Pty Ltd:</u>		
Analyst support	-	17,000
	<hr/>	<hr/>
<i>Amounts owing as at 30 June:</i>		
Polaris Consulting (WA) Pty Ltd	-	-
	<hr/>	<hr/>

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Argenica Therapeutics Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
14/04/2021	30/09/2024	\$0.30	7,100,000
09/06/2021	30/09/2024	\$0.30	1,200,000
02/01/2022	01/04/2025	\$1.10	300,000
03/06/2022	10/06/2024	\$0.65	600,000
06/07/2022	06/07/2025	\$0.65	125,000
24/11/2022	03/06/2025	\$0.65	2,000,000
09/06/2023	09/06/2026	\$0.65	1,000,000
			<hr/>
			12,325,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Series	Grant date	Expiry date	Exercise price	Number of shares issued
Series B	03/08/2021	06/08/2023	\$0.30	800,000

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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Argenica Therapeutics Limited
Directors' report
30 June 2023

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners RSM Australia Partners.

Rounding of amounts

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

Auditor's independence declaration

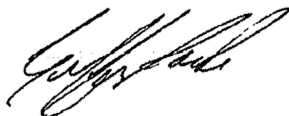
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



Geoff Pocock
Director

22 August 2023
Perth

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Argenica Therapeutics Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 22 August 2023

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Argenica Therapeutics Limited

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General information

The financial statements cover Argenica Therapeutics Limited. The financial statements are presented in Australian dollars, which is Argenica Therapeutics Limited functional and presentation currency.

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

Registered office

Unit 4, 117 Broadway
Nedlands, WA 6009

Principal place of business

Unit 4, 117 Broadway
Nedlands, WA 6009

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 August 2023. The directors have the power to amend and reissue the financial statements.

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Argenica Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Income			
Other income	4	1,749,899	259,098
Interest income		60,997	2,504
Total income		<u>1,810,896</u>	<u>261,602</u>
Expenses			
Administration and corporate expenses	5	(825,869)	(549,564)
Employee and contractor expenses	6	(1,030,591)	(880,580)
Research and development costs		(4,308,080)	(2,496,052)
Finance costs		(1,050)	(822)
Share based payments	26	(460,350)	(425,336)
Total expenses		<u>(6,625,940)</u>	<u>(4,352,354)</u>
Loss before income tax expense		<u>(4,815,044)</u>	<u>(4,090,752)</u>
Income tax expense		-	-
Loss after income tax expense for the year		<u>(4,815,044)</u>	<u>(4,090,752)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		<u>(4,815,044)</u>	<u>(4,090,752)</u>
		Cents	Cents
Basic earnings per share	27	(5.5)	(5.5)
Diluted earnings per share	27	(5.5)	(5.5)

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

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Argenica Therapeutics Limited
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	9,289,156	8,914,457
Other receivables	9	152,362	72,080
Other current assets	10	98,346	55,863
Total current assets		<u>9,539,864</u>	<u>9,042,400</u>
Non-current assets			
Intangibles	11	1,000	1,000
Total non-current assets		<u>1,000</u>	<u>1,000</u>
Total assets		<u>9,540,864</u>	<u>9,043,400</u>
Liabilities			
Current liabilities			
Trade and other payables	12	1,182,924	711,009
Deferred income	13	659,069	-
Employee benefits	14	32,431	24,900
Total current liabilities		<u>1,874,424</u>	<u>735,909</u>
Total liabilities		<u>1,874,424</u>	<u>735,909</u>
Net assets		<u>7,666,440</u>	<u>8,307,491</u>
Equity			
Issued capital	15	16,618,266	13,065,033
Reserves	16	1,366,874	746,114
Accumulated losses	17	(10,318,700)	(5,503,656)
Total equity		<u>7,666,440</u>	<u>8,307,491</u>

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

Argenica Therapeutics Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2021		8,051,013	208,638	(1,412,904)	6,846,747
Loss after income tax expense for the year		-	-	(4,090,752)	(4,090,752)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive loss for the year		-	-	(4,090,752)	(4,090,752)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	15	5,014,020	6	-	5,014,026
Share based payments	26	-	537,470	-	537,470
Balance at 30 June 2022		<u>13,065,033</u>	<u>746,114</u>	<u>(5,503,656)</u>	<u>8,307,491</u>
		Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022		13,065,033	746,114	(5,503,656)	8,307,491
Loss after income tax expense for the year		-	-	(4,815,044)	(4,815,044)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive loss for the year		-	-	(4,815,044)	(4,815,044)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	15	3,553,233	10	-	3,553,243
Share based payments	26	-	620,750	-	620,750
Balance at 30 June 2023		<u>16,618,266</u>	<u>1,366,874</u>	<u>(10,318,700)</u>	<u>7,666,440</u>

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

Argenica Therapeutics Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Government grant income received (inclusive of GST)		721,104	-
Research and development contributions received (inclusive of GST)		350,000	-
Payments to suppliers and employees (inclusive of GST)		<u>(5,809,284)</u>	<u>(3,622,453)</u>
		(4,738,180)	(3,622,453)
Interest received		60,997	2,504
Interest and other finance costs paid		(1,050)	(822)
Research and development tax rebate received	4	<u>1,377,917</u>	<u>259,098</u>
Net cash used in operating activities	25	<u>(3,300,316)</u>	<u>(3,361,673)</u>
Cash flows from investing activities			
Placement of term deposits		<u>(50,000)</u>	-
Net cash used in investing activities		<u>(50,000)</u>	-
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue costs		3,725,005	5,131,929
Proceeds from issue of options, net of share issue costs		<u>10</u>	<u>6</u>
Net cash provided by financing activities		<u>3,725,015</u>	<u>5,131,935</u>
Net increase in cash and cash equivalents		374,699	1,770,262
Cash and cash equivalents at the beginning of the financial year		<u>8,914,457</u>	<u>7,144,195</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>9,289,156</u></u>	<u><u>8,914,457</u></u>

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

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Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Argenica Therapeutics Limited's functional and presentation currency.

Foreign currency transactions

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

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 1. Significant accounting policies (continued)

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Impairment of other tangible and intangible assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Note 1. Significant accounting policies (continued)

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

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

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 1. Significant accounting policies (continued)

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

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

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

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

Intangible assets

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

Research and development

Research costs are expensed in the period in which they are incurred.

Development costs are capitalised when it is probable that the project will be successful considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2023. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

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Note 3. Operating segments

The company has considered the requirements of AASB 8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The company operates as a single segment being research and development of a neuroprotective therapeutic drug. The board of directors review the earnings before tax and net assets of the company. There is no difference between the audited financial report and the internal reports generated for review. The company is domiciled in Australia and is currently in the development phase and hence has not begun to generate revenue from operations. All the assets are located in Australia.

Note 4. Other income

	2023	2022
	\$	\$
Other income		
Research and development tax rebate	1,377,917	259,098
Government grants	21,982	-
Research and development contributions received	350,000	-
	<u>1,749,899</u>	<u>259,098</u>

Note 5. Expenses - administration and corporate expenses

	2023	2022
	\$	\$
IPO expenses	-	3,939
Listing and compliance costs	67,003	64,751
Accounting, audit and tax fees	67,340	37,038
Legal fees and patent costs	136,008	70,375
Investor relations and marketing	178,482	134,048
Insurance	87,003	60,335
General administration costs	290,033	179,078
	<u>825,869</u>	<u>549,564</u>

Note 6. Expenses – employee and contractor expenses

	2023	2022
	\$	\$
Wages and salaries	743,730	596,573
Superannuation	84,861	65,007
Contractors	202,000	219,000
	<u>1,030,591</u>	<u>880,580</u>

Note 7. Income tax expense

The prima facie tax receivable on loss before income tax is reconciled to the income tax expense as follows:

	2023	2022
	\$	\$
Prima facie benefit on operating loss at 25.0% (2022: 25.0%)	1,203,761	1,022,688
Tax effect amounts which are not deductible in calculating taxable income	(842,133)	(750,168)
Adjustment for unrecognised tax losses relating to prior periods	-	(222,238)
Tax losses not brought to account	<u>(361,628)</u>	<u>(50,282)</u>
Income tax benefit attributable to operating loss	<u>-</u>	<u>-</u>

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately \$797,600 (30 June 2022: \$333,395) and has not been brought to account at reporting date because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and research and development expenditure to be realised;
- the company continues to comply with the conditions for deductibility imposed by law; and no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and research and development expenditure.

Note 8. Current assets - cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	<u>9,289,156</u>	<u>8,914,457</u>
	<u>9,289,156</u>	<u>8,914,457</u>

Note 9. Current assets - other receivables

	2023	2022
	\$	\$
GST receivables	<u>152,362</u>	<u>72,080</u>

Note 10. Current assets - others

	2023	2022
	\$	\$
Prepayments	48,346	55,863
Term deposits	<u>50,000</u>	<u>-</u>
	<u>98,346</u>	<u>55,863</u>

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Note 11. Non-current assets - intangibles

	2023	2022
	\$	\$
Patents – At Cost	1,000	1,000
Less: Accumulated Amortisation	-	-
	<u>1,000</u>	<u>1,000</u>
Closing balance	<u>1,000</u>	<u>1,000</u>

Reconciliations

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

	Patents	Total
	\$	\$
Balance at 1 July 2021	1,000	1,000
Additions	-	-
Impairment of assets	-	-
Amortisation expense	-	-
	<u>1,000</u>	<u>1,000</u>
Balance at 30 June 2022	<u>1,000</u>	<u>1,000</u>
	Patents	Total
	\$	\$
Balance at 1 July 2022	1,000	1,000
Additions	-	-
Impairment of assets	-	-
Amortisation expense	-	-
	<u>1,000</u>	<u>1,000</u>
Balance at 30 June 2023	<u>1,000</u>	<u>1,000</u>

Note 12. Current liabilities - trade and other payables

	2023	2022
	\$	\$
Trade payables	1,141,345	671,825
Accrued expenses	22,140	20,125
PAYG payable	19,439	19,059
	<u>1,182,924</u>	<u>711,009</u>

Refer to note 18 for further information on financial instruments.

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Note 13. Deferred income

	2023	2022
	\$	\$
Government grants	659,069	-
	<u>659,069</u>	<u>-</u>

During the year, the company received \$681,051 of grant funds under the Commonwealth Standard Grant Agreement with the Department of Industry, Science and Resources for the Cooperative Research Centre Projects (CRC-P) program. Revenue recognised in the year ended 30 June 2023 for this grant amounted to \$21,982 (30 June 2022: \$Nil). Remaining portion of \$659,069 has been recognised as deferred income due to unfulfilled conditions relating to the spending requirements under the grant agreement.

Note 14. Current liabilities - employee benefits

	2023	2022
	\$	\$
Employee benefits	32,431	24,900
	<u>32,431</u>	<u>24,900</u>

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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Note 15. Equity - issued capital

	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>98,350,822</u>	<u>86,922,250</u>	<u>16,618,266</u>	<u>13,065,033</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Opening balance at 1 July 2021		73,172,250		8,051,013
Share issue transaction costs, net of tax		-		(11,697)
Issue of shares – placement	10 June 2022	13,750,000	\$0.40	5,500,000
Share issue transaction costs, net of tax		-		(474,283)
Closing balance at 30 June 2022		<u>86,922,250</u>		<u>13,065,033</u>
Opening balance at 1 July 2022		86,922,250		13,065,033
Issue of shares – placement	9 June 2023	11,428,572	\$0.35	4,000,000
Share issue transaction costs, net of tax		-		(446,767)
Closing balance at 30 June 2023		<u>98,350,822</u>		<u>16,618,266</u>

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 16. Equity – reserves

	2023	2022
	\$	\$
Options reserve	1,366,874	746,114
	<u>1,366,874</u>	<u>746,114</u>
	2023	2022
	\$	\$
Balance at beginning of financial year	746,114	208,638
Value of options issued during the year	569,398	300,354
Value of options issued in a prior year vesting over multiple periods	51,352	237,116
Proceeds from issue of options	10	6
Closing balance at end of financial year	<u>1,366,874</u>	<u>746,114</u>

Options reserve

The option reserve records value of options expensed during the period.

Refer note 26 for further details on share-based payments.

Note 17. Equity – accumulated losses

	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(5,503,656)	(1,412,904)
Loss after income tax expense for the year	<u>(4,815,044)</u>	<u>(4,090,752)</u>
Accumulated losses at the end of the financial year	<u>(10,318,700)</u>	<u>(5,503,656)</u>

Note 18. Financial risk management objectives and policies

The company's principal financial instruments comprise cash and short-term deposits.

The company manages its exposure to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk, in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecast for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Market risk

Foreign currency risk

The company is not exposed to significant foreign currency risk as its operations are based in Australia, with no major suppliers subject to foreign exchange rates.

Price risk

The company is not exposed to any significant price risk.

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Interest rate risk

The company has a policy of minimising its exposure to interest payable on debt. The company has no debt that requires the payment of interest. The company has exposure to interest rate risk through its cash balances, however, this exposure is not considered to be significant.

Credit risk

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

Liquidity risk

Liquidity risk is managed through the company's objective to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the current cash requirements.

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2023 and 30 June 2022.

The company monitors capital with reference to the net debt position. The company's current policy is to keep the net debt position negative, such that cash and cash equivalents exceed debt.

Remaining contractual maturities

The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<i>Non-interest bearing</i>						
Trade payables	-	1,141,345	-	-	-	1,141,345
Other payables	-	41,579	-	-	-	41,579
Total		1,182,924	-	-	-	1,182,924

2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<i>Non-interest bearing</i>						
Trade payables	-	671,825	-	-	-	671,825
Other payables	-	39,184	-	-	-	39,184
Total		711,009	-	-	-	711,009

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

Fair value of financial instruments

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

Note 19. Key management personnel disclosures

Compensation

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

	2023	2022
	\$	\$
Short-term employee benefits	562,000	539,500
Post-employment benefits	59,010	53,950
Share-based payments	417,446	173,079
	<u>1,038,456</u>	<u>766,529</u>

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	2023	2022
	\$	\$
<i>Audit services – RSM Australia Partners</i>		
Audit or review of the financial statements	31,140	28,125
	<u>31,140</u>	<u>28,125</u>

Note 21. Contingent assets and liabilities

The company has the following contingent assets at 30 June 2023 (30 June 2022: none):

Under the Commonwealth Standard Grant Agreement with the Department of Industry, Science and Resources for the Cooperative Research Centre Projects (CRC-P) program, the Company is due to receive \$518,979 in grant funds to support the project “A novel therapeutic for the treatment of traumatic brain injury”, subject to delivery of project milestones and deliverables in future periods from the reporting date to June 2025.

The company does not have any contingent liabilities at 30 June 2023 (30 June 2022: none).

Note 22. Commitments

	2023	2022
	\$	\$
<i>Corporate advisory services commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	14,000	30,000
	<u>14,000</u>	<u>30,000</u>

Note 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	2023	2022
	\$	\$
Payment for goods and services:		
<i>Provided by Polaris Consulting (WA) Pty Ltd (a director-related entity of Geoff Pocock):</i>		
Analyst support services	-	17,000
	<u>-</u>	<u>17,000</u>

Receivables from and payables to related parties

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

Loans to/from related parties

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

All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Events after the reporting period

On 3 August 2023, 800,000 ordinary shares were issued on the exercise of 800,000 options with an exercise price of \$0.30 each generating cash exercise proceeds of \$240,000 (before share issue costs).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 25. Reconciliation of profit after income tax to net cash from operating activities

	2023	2022
	\$	\$
Loss after income tax expense for the year	(4,815,044)	(4,090,752)
Adjustments for:		
Share based payments (note 26)	460,350	425,336
Change in operating assets and liabilities:		
- Increase in other receivables and other current assets	(72,765)	(671)
- Increase in trade and other payables	460,543	286,705
- Increase in employee benefits	7,531	17,709
- Increase in deferred income	659,069	-
	<u>(3,300,316)</u>	<u>(3,361,673)</u>
Net cash used in operating activities	<u>(3,300,316)</u>	<u>(3,361,673)</u>

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Note 26. Share based payments

Total share-based payment transactions recognised during the year were as follows:

	2023	2022
	\$	\$
Options issued to key management personnel	417,447	173,079
Options issued to employees/consultants	42,903	187,240
Options issued to corporate advisor	-	65,017
Options issued to lead manager	160,400	112,134
	<u>620,750</u>	<u>537,470</u>
<i>Represented by:</i>		
Share-based payment expense	460,350	425,336
Share issue costs	160,400	112,134
	<u>620,750</u>	<u>537,470</u>

Options:

Set out below are the summaries of options granted as share based payments in current year:

Grant Date	Expiry Date	Exercise Price	Balance 1/07/2022	Granted during the year	Exercise d during the year	Expire d/ Forfeit ed	Balance 30/06/2023	Vested 30/06/2023	Not Vested 30/06/2023
14/04/2021	30/09/2024	\$0.30	7,100,000	-	-	-	7,100,000	7,100,000	-
09/06/2021	30/09/2024	\$0.30	1,200,000	-	-	-	1,200,000	1,200,000	-
08/08/2021	06/08/2023	\$0.30	800,000	-	-	-	800,000	800,000	-
02/01/2022	01/04/2025	\$1.10	300,000	-	-	-	300,000	300,000	-
03/06/2022	10/06/2023	\$0.65	600,000	-	-	-	600,000	600,000	-
05/07/2022 ¹	06/07/2025	\$0.65	-	125,000	-	-	125,000	65,000	60,000
24/11/2022 ²	03/06/2025	\$0.65	-	2,000,000	-	-	2,000,000	1,000,000	1,000,000
09/06/2023 ³	09/06/2026	\$0.65	-	1,000,000	-	-	1,000,000	1,000,000	-
			10,000,000	3,125,000	-	-	13,125,000	12,065,000	1,060,000

During the financial year, the following options were issued:

¹ These options were issued under employment contract. The options have the following vesting conditions:

- 65,000 options vested on 5 January 2023 after continuous service from grant date; and
- 60,000 options will vest on 5 January 2024 after continuous service from grant date.

² These options were awarded to Liz Dallimore (Managing Director and Chief Executive Officer), on 3 June 2022 subject to shareholder approval. The grant date for accounting purposes is the date shareholder approval was obtained at the company's annual general meeting on 24 November 2022. The options have the following vesting conditions:

- 1,000,000 options vested on 3 March 2023 after continuous service from issue date; and
- 1,000,000 options will vest on 3 December 2023 after continuous service from issue date.

³ These options were issued to Euroz Hartleys Limited as lead manager of the June 2023 placement. These options vested immediately on 9 June 2023.

Argenica Therapeutics Limited
Notes to the financial statements
30 June 2023

Set out below are the summaries of options granted as share based payments in prior year:

Grant Date	Expiry Date	Exercise Price	Balance 1/07/2021	Granted during the year	Exercised during the year	Expired/Forfeited	Balance 30/06/2022	Vested 30/06/2022	Not Vested 30/06/2022
14/04/2021	30/09/2024	\$0.30	7,100,000	-	-	-	7,100,000	-	7,100,000
09/06/2021	30/09/2024	\$0.30	1,200,000	-	-	-	1,200,000	-	1,200,000
03/08/2021 ⁴	06/08/2023	\$0.30		800,000	-	-	800,000	800,000	-
02/01/2022 ⁵	01/04/2025	\$1.10		300,000	-	-	300,000	300,000	-
03/06/2022 ⁴	10/06/2023	\$0.65		600,000	-	-	600,000	600,000	-
			8,300,000	1,700,000	-	-	10,000,000	1,700,000	8,300,000

During the previous financial year, the following options were issued:

⁴These options were issued to Euroz Hartleys Limited for corporate advisory services and as lead manager of the June 2022 placement. These options have the following vesting conditions:

- 800,000 options vested immediately on 3 August 2021; and
- 300,000 options vested immediately on 3 June 2022.

⁵These options were issued under employment contract and vested immediately.

For the options granted during the current financial year, the fair value was determined by using the Hoadley ESO2 and Black Scholes valuation model. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Number Granted	Grant Date	Exercise price	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option at grant date
125,000	05-Jul-2022	\$0.65	\$0.495	79%	0%	2.98%	\$0.2323
2,000,000	24-Nov-2023	\$0.65	\$0.540	80%	0%	3.24%	\$0.2400
1,000,000	09-Jun-2023	\$0.65	\$0.390	85%	0%	3.43%	\$0.1604

For the options granted during the previous financial year, the fair value was determined by using the Black-Scholes model. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Number Granted	Grant Date	Exercise price	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option at grant date
800,000	03-Aug-2021	\$0.30	\$0.200	100%	0%	0.02%	\$0.0813
300,000	02-Jan-2022	\$1.10	\$0.835	85%	0%	1.01%	\$0.4107
600,000	03-Jun-2022	\$0.65	\$0.485	90%	0%	2.65%	\$0.1869

12,125,000 options were exercisable at the end of the financial year (30 June 2022: 6,575,000 options).

The weighted average exercise price of options outstanding at the end of the financial year was \$0.40 (30 June 2022: \$0.35).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.38 years (30 June 2022: 2.2 years).

Argenica Therapeutics Limited
Notes to the financial statements
30 June 2023

Note 27. Earnings per share

	2023	2022
	\$	\$
Loss after income tax	<u>(4,815,044)</u>	<u>(4,090,752)</u>
Loss after income tax attributable to the owners of Argenica Therapeutics Limited	<u>(4,815,044)</u>	<u>(4,090,752)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share and diluted earnings per share	<u>87,577,988</u>	<u>73,925,675</u>
	Cents	Cents
Basic earnings per share	(5.5)	(5.5)
Diluted earnings per share	(5.5)	(5.5)

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Argenica Therapeutics Limited
Directors' declaration
30 June 2023

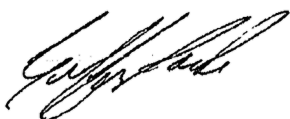
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

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

On behalf of the directors



Geoffrey Pocock
Director

22 August 2023
Perth

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARGENICA THERAPEUTICS LIMITED**

Opinion

We have audited the financial report of Argenica Therapeutics Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

**THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING**

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Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
<p>Share-based payments Refer to Note 26 in the financial statements</p>	
<p>During the year, the Company issued options, which have been brought to account in accordance with AASB 2 <i>Share-based Payment</i>.</p> <p>We have considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> • Management judgement is required to determine the inputs used in the valuation model to value the options; and • The recognition of the expense is based on management's assessment of the vesting conditions attached to the options. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the terms and conditions of the options issued; • Reviewing management's valuation methodology; • Reviewing the key inputs used in the valuation model; • Recalculating the value of the share-based payment expense to be recognised in profit or loss in accordance with AASB 2; and • Reviewing the appropriateness of disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

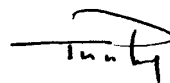
In our opinion, the Remuneration Report of Argenica Therapeutics Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 22 August 2023

Argenica Therapeutics Limited
Shareholder Information

ASX Additional Information

The Company's ordinary shares are quoted as 'AGN' on ASX. The shareholder information set out below was applicable as at 21 August 2023.

Distribution of equitable securities (ordinary shares)

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

	Number of ordinary shares	Number of holders of ordinary shares
100,001 and over	71,774,136	160
10,001 to 100,000	24,455,543	635
5,001 to 10,000	1,762,092	219
1,001 to 5,000	1,099,455	406
1 to 1,000	59,596	97
	<hr/>	
	99,150,822	1,517
	<hr/>	
Holding less than a marketable parcel	124,434	151
	<hr/>	

Equity security holders (ordinary shares)

Twenty largest quoted equity security holders

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

	Ordinary shares Number held	% of total shares issued
OOFY PROSSER PTY LTD <DRONES FAMILY A/C>	4,436,690	4.47
MR NEIL DONALD DELROY <NDD INVESTMENT A/C>	4,201,398	4.24
PERRON INSTITUTE FOR NEUROLOGICAL AND TRANSLATIONAL SCIENCE LTD	3,550,000	3.58
BOND STREET CUSTODIANS LIMITED <LAM1 - D08047 A/C>	3,492,857	3.52
UNIVERSITY OF WESTERN AUSTRALIA	3,418,876	3.45
LITIS SUPER PTY LTD <JDE LITIS SUPER FUND A/C>	2,800,000	2.82
SHANE MICHAEL COLLEY <FIERY KING INVESTMENT A/C>	2,000,000	2.02
MS HELEN MARGARET SEWELL	1,662,500	1.68
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	1,630,000	1.64
ARREDO PTY LTD	1,550,000	1.56
XCEL CAPITAL PTY LTD	1,462,500	1.48
MR BRUNO PHILIP MELONI <BRUNO MELONI FAMILY A/C>	1,277,000	1.29
BNP PARIBAS NOMS PTY LTD UOB KH PL AC <DRP>	1,165,890	1.18
MR NEVILLE WILLIAM KNUCKEY & MRS JACQUELINE JOY KNUCKEY <THE KNUCKEY FAMILY A/C>	1,072,000	1.08
OENEUS PTY LTD	1,026,409	1.04
BUSSO HOLDINGS PTY LTD <BEW A/C>	1,025,000	1.03
PINDAN INVESTMENTS PTY LTD <PINDAN INVESTMENT A/C>	955,715	0.96
PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	937,500	0.95
ZENIX NOMINEES PTY LTD	800,000	0.81
MR PAUL HENRI VERON & MRS JULIE ANNE VERON <DEAD KNICK S/F A/C>	800,000	0.81
PENTEK HOLDINGS PTY LTD <J LITIS INVESTMENT NO.2 A/C>	785,000	0.79
	<hr/>	
	40,049,335	40.39
	<hr/>	

Argenica Therapeutics Limited
Shareholder Information

Unquoted equity securities

	Number on issue	Number of holders
Series A options over ordinary shares ¹	8,300,000	16
Series C options over ordinary shares ³	300,000	1
Series D options over ordinary shares ²	600,000	1
Series E options over ordinary shares ³	125,000	1
Series F options over ordinary shares ³	2,000,000	1
Series G options over ordinary shares ²	1,000,000	1

17,100,000 unlisted options over ordinary shares were issued to key management personnel, employees and contractors of the company. 1,200,000 options are held by the lead manager of the IPO (or their nominee).

² Unlisted options over ordinary shares issued to a nominee of Euroz Hartleys Limited pursuant to the terms of a corporate advisory agreement and a capital raising mandate.

³ Unlisted options over ordinary shares issued under an employee incentive scheme.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Neil Delroy	5,020,916 ⁴	5.06%

⁴ Number of shares disclosed on latest substantial shareholder notice.

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

On-market Buy-back

There is no current on-market buy-back of the Company's securities in place.

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