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emyria

PRELIMINARY
FINANCIAL REPORT

FOR YEAR ENDING 30 JUNE 2023

COMPARATIVE YEAR: 30 June 2022

Emyria Pty Ltd | ABN 96 625 085 734

APPENDIX 4E – PRELIMINARY FINAL REPORT (UNAUDITED)

Results for announcement to the market

For the year ended 30 June 2023

Comparative year: 30 June 2022

| Key Information | 2023 | 2022 | Change | Up / Down | % |
|---|--------------------|-------------|---------------|----------------------|----------|
| | \$ | \$ | \$ | | |
| Revenues from customer sales and clinical services | 1,592,466 | 1,822,400 | (229,934) | Down | 12.6% |
| Loss from ordinary activities after tax attributable to members | (5,131,117) | (7,327,691) | 2,196,574 | Down | 30.0% |
| Net loss for the period attributable to members | (5,131,117) | (7,327,691) | 2,196,574 | Down | 30.0% |

| Dividends (distributions) | Amount per security | Franked amount per security |
|--|--------------------------------|--|
| Interim dividend | Nil | - ¢ |
| Final dividend | Nil | - ¢ |
| Previous corresponding period | Nil | - ¢ |
| Record date for determining entitlements to the dividend | N/A | |

| Net Tangible Assets per share | 30 June 2023 | 30 June 2022 |
|--|---------------------|---------------------|
| Net tangible asset per ordinary security (cents per share) | 0.04 | 1.25 |

Brief explanation

Overall revenues decreased from \$1,822,400 in 2022 to \$1,592,466 in 2023 primarily attributable to a decline in revenues from data deals. However, across the same period, revenues from clinical billings increased, indicating the growing success of our clinical service model. Meanwhile, the Group reduced net losses substantially (from \$7,327,691 in 2022 to \$5,131,117 in 2023) representing an improvement of \$2,196,574 and reflective of effective cost management strategies.

STATUS OF AUDIT

The accounts are in the process of being audited.

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The directors present their report for Emyria Limited (“Emyria” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 30 June 2023.

DIRECTORS

The names of the directors in office at any time during or since the end of the year ended are:

| | |
|-------------------------------|---|
| Dr Stewart Washer | Executive Chairman |
| Dr Michael Winlo | Managing Director |
| Professor Dr Alistair Vickery | Executive Medical Director |
| Dr Karen Smith | Executive Director |
| Mr Matthew Callahan | Non-Executive Director (resigned 21 August 2023) |
| Professor Sir John Tooke | Non-Executive Director |
| Dr Mohit Kaushal | Non-Executive Director (appointed 21 August 2023) |

REVIEW OF OPERATIONS

During the reporting period, the Group's principal activity has been the development of biopharmaceuticals, specifically novel MDMA analogues and Ultra-Pure CBD capsules, informed by Real-World Data gathered from patients across its wholly-owned clinical service subsidiaries. The Group has strategically concentrated on advancing the development and commercialisation of these proprietary medicines, while simultaneously launching its MDMA-assisted therapy program to broaden its impact in the mental healthcare sector.

Benefiting from its extensive experience in collecting data while working with newly rescheduled medicines, the Group responded strategically to pivotal regulatory changes allowing MDMA and psilocybin to be prescribed as legal medicines in Australia from July 1, 2023. The Group is poised to become a leader in the evolving field of psychedelic-assisted therapies.

KEY MILESTONES

- **Phase 3 Clinical Trials:** In August 2022, Emyria received Human Research Ethics Committee approval to commence a pivotal Phase 3 clinical trial for EMD-RX5, an Ultra-Pure CBD capsule seeking registration as an over-the-counter treatment for stress and anxiety. By January 2023, recruitment and dosing had commenced. In July 2023, recruitment slowed while the Group is navigating an issue with a single batch of drug product with its Contract Drug Manufacturing Organisation (CDMO).

- **Licensing and Commercialisation:** In April 2023, Emyria signed an exclusive licensing agreement with Aspen Pharmacare Australia, potentially leading to significant revenue streams through a royalty of up to 10% on annual net sales and additional milestone payments.
- **Expanding MDMA-Analogue Library:** Over a few months, Emyria expanded its proprietary library of neurologically active compounds inspired by MDMA to over 140. This sets the stage for a pipeline of promising treatments for neuropsychiatric disorders.
- **Strategic Partnerships for Research:** Partnering with the Institute of Respiratory Health and a leading neuroscience Contract Research Organisation (CRO) PsychoGenics demonstrates a multi-disciplinary approach. PsychoGenics will use its SmartCube™ technology to screen potential compounds for neuropsychiatric indications, thereby de-risking R&D investment.
- **International Recognition:** Emyria was accepted into the NIH HEAL Initiative® National Institute of Neurological Disorders and Stroke (NINDS) Preclinical Screening Platform for Pain (PSPF) program. Being recognised by a leading funder of neurological research in the USA is both a validation of Emyria's scientific credibility and an open door to future collaborative opportunities.
- **Legal and Regulatory Shifts:** In February 2023, the Therapeutic Goods Administration (TGA) rescheduled MDMA and psilocybin, benefiting Emyria's expansion of its MDMA-assisted therapy programs.
- **Operational Expansions and Partnerships:** By March 2023, the company entered a partnership with trauma specialists at the PAX Centre to develop a scalable MDMA-assisted therapy model. This operational scaling is vital for translating research findings into real-world applications.
- **Expansion into PTSD and Therapist Training:** In June 2023, Emyria received approval for a novel MDMA-assisted therapy trial for PTSD and acquired The Pax Centre (completion expected in Q1 FY24). Dr. Ben Sessa, a leading researcher in the field, trained an initial team of 20 Emyria-affiliated therapists, adding credibility and expertise to the operational team.

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- **Capital for Advanced Therapies:** In November 2022, Emyria secured a \$3 million placement cornerstoned by Tenmile and Sixty Two Capital. By January 2023, Emyria received a cash refund of over \$2 million via the Australian Government's R&D Tax Incentive. In May 2023, Emyria secured \$2.5 million in placement to support the delivery of MDMA and psilocybin-assisted therapies and its pioneering drug discovery program.

EVENTS AFTER THE REPORTING DATE

Following the end of the reporting period, there was a strategic change in Emyria's Board of Directors. Matthew Callahan, Founder and Non-Executive Director, resigned to focus on other endeavours but has agreed to continue providing legal, IP, and investment advisory support to Emyria. The Group was pleased to appoint Dr. Mohit Kaushal as a non-Executive Director. Dr. Kaushal has an extensive background in clinical transformation, digital health, and strategic investments. Dr. Kaushal's expertise aligns with Emyria's vision for future growth and innovation in mental health care.

FUTURE DEVELOPMENT, PROSPECTS AND BUSINESS STRATEGY

The Group plans to continue its pioneering work in the healthcare landscape by integrating its core competencies in patient treatment, clinical data capture, and drug development. We aim to become industry leaders in delivering and developing promising, proprietary neuropsychiatric treatments.

A key short-term focus will be the integration and value optimisation of our clinical services, particularly following the acquisition of the leading multidisciplinary trauma-informed mental health service, the Pax Centre. This strategic acquisition positions us to significantly advance the provision of wraparound mental health care, particularly psychedelic-assisted therapies, and increase clinical billing revenues.

Concurrently, the Group is laying the groundwork for robust data capture across its broadened clinical service activities to inform and accelerate future drug and therapy development. The Group will continue to advance its novel MDMA analogues and Ultra-Pure CBD capsules.

DIVIDEND PAID AND RECOMMENDED

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2023 (30 June 2022: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | Group 2023 \$ | Group 2022 \$ |
|---|-------|---------------------|---------------------|
| Revenue | | | |
| Sales revenue | 1(a) | 1,592,466 | 1,822,400 |
| Operating costs | | (2,239,975) | (2,347,654) |
| Gross loss | | (647,509) | (525,254) |
| Other revenue | | | |
| Interest and other income | | 151,870 | 120,733 |
| Research and Development grant received | | 2,089,732 | 1,162,135 |
| Total other revenue | 1(a) | 2,241,602 | 1,282,868 |
| Expenses | | | |
| Research and Development expenses | | (1,798,503) | (2,208,865) |
| Employee wages and director fees | | (1,850,319) | (2,268,050) |
| Corporate compliance costs | | (784,828) | (526,048) |
| Finance costs | | (128,793) | (72,224) |
| Share based payments | | (422,865) | (1,230,892) |
| Other expenses | 1(b) | (1,217,998) | (1,389,223) |
| Depreciation and amortisation expense | 1(c) | (400,601) | (390,003) |
| Fixed assets write off | | (121,303) | - |
| Total expenses | | (6,725,210) | (8,085,305) |
| Loss before income tax expense | | (5,131,117) | (7,327,691) |
| Income tax | | - | - |
| Loss after income tax for the year | | (5,131,117) | (7,327,691) |
| <i>Other Comprehensive Income for the year:</i> | | | |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Other Comprehensive income for the year, net of tax | | - | - |
| Total Comprehensive Loss for the year | | (5,131,117) | (7,327,691) |
| Basic and diluted loss per share (cents) | 5 | (1.79) | (2.75) |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

| | Notes | Group 2023 \$ | Group 2022 \$ |
|--------------------------------------|-------|---------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 2,733,526 | 3,879,469 |
| Trade and other receivables | | 85,482 | 87,487 |
| Prepayments | | 33,260 | 148,246 |
| Total current assets | | 2,852,268 | 4,115,202 |
| Non-current assets | | | |
| Restricted cash | | 144,582 | 161,302 |
| Right-of-use assets | 2 | 371,905 | 737,419 |
| Property, plant and equipment | 3 | 124,060 | 339,007 |
| Intangible assets | 4 | 6,671,143 | 2,894,905 |
| Total Non-current assets | | 7,311,690 | 4,132,633 |
| Total Assets | | 10,163,958 | 8,247,836 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 1,829,194 | 988,889 |
| Borrowings | | 912,721 | - |
| Provisions | | 189,021 | 197,386 |
| Lease liabilities | | 218,284 | 268,887 |
| Total Current Liabilities | | 3,149,220 | 1,455,162 |
| Non-Current Liabilities | | | |
| Provisions | | 81,000 | 107,000 |
| Lease liabilities | | 140,123 | 363,816 |
| Total Non-Current Liabilities | | 221,123 | 470,816 |
| Total Liabilities | | 3,370,343 | 1,925,978 |
| Net Assets | | 6,793,615 | 6,321,857 |
| EQUITY | | | |
| Contributed equity | | 29,803,915 | 24,637,314 |
| Reserves | | 2,407,841 | 1,971,567 |
| Accumulated losses | | (25,418,141) | (20,287,024) |
| Total Equity | | 6,793,615 | 6,321,857 |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

| GROUP | Contributed Equity \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|---|-----------------------------|------------------|-----------------------------|--------------------|
| Balance at 1 July 2022 | 24,637,314 | 1,971,567 | (20,287,024) | 6,321,857 |
| (Loss) after income tax for the year | - | - | (5,131,117) | (5,131,117) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total Comprehensive loss | - | - | (5,131,117) | (5,131,117) |
| Proceeds from issued capital | 5,501,037 | - | - | 5,501,037 |
| Transaction costs from issued capital | (334,436) | - | - | (334,436) |
| Issue of options | - | 436,274 | - | 436,274 |
| Balance at 30 June 2023 | 29,803,915 | 2,407,841 | (25,418,141) | 6,793,615 |

| | Contributed Equity \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|---|-----------------------------|------------------|-----------------------------|--------------------|
| Balance at 1 July 2021 | 19,310,804 | 826,746 | (12,959,333) | 7,178,217 |
| (Loss) after income tax for the year | - | - | (7,327,691) | (7,327,691) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total Comprehensive loss | - | - | (7,327,691) | (7,327,691) |
| Proceeds from issued capital | 5,326,510 | - | - | 5,326,510 |
| Transaction costs from issued capital | - | - | - | - |
| Issue of options | - | 1,144,821 | - | 1,144,821 |
| Balance at 30 June 2022 | 24,637,314 | 1,971,567 | (20,287,024) | 6,321,857 |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

| Notes | Group 2023 \$ | Group 2022 \$ |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 1,816,265 | 1,933,911 |
| Interest received | 24,491 | 12,559 |
| Payments to suppliers and employees | (7,601,032) | (8,484,173) |
| Interest and other finance costs paid | (84,225) | (52,254) |
| R&D refund received | 2,089,732 | 1,162,135 |
| Net cash (used in) operating activities | (3,754,769) | (5,427,822) |
| Cash flows from investing activities | | |
| Payments for plant and equipment | (16,822) | (52,848) |
| Payments for intangible assets | (3,216,895) | (1,976,338) |
| Net cash (used in) investing activities | (3,233,717) | (2,029,185) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 5,500,000 | 5,039,689 |
| Transaction costs paid from the issue of shares | (320,000) | - |
| Proceeds from borrowings | 1,719,928 | - |
| Repayment of borrowings | (800,000) | - |
| Repayment of lease liabilities | (257,384) | (232,701) |
| Net payments cash backed guarantees (restricted cash) | - | 562 |
| Net cash provided by financing activities | 5,842,543 | 4,807,550 |
| Net (decrease) / increase in cash and cash equivalents | (1,445,943) | (2,649,457) |
| Cash and cash equivalents at the beginning of the year | 3,879,469 | 6,528,926 |
| Cash and cash equivalents at the end of the year | 2,733,526 | 3,879,469 |

The accompanying notes form part of these financial statements

NOTE 1: REVENUE AND EXPENSES

(a) Revenue

Revenue from patients
Revenue from research projects and data deals

Other revenue

Interest and other income
Gain on modification of lease (note 6)
Research and Development grant received

TOTAL OTHER REVENUE

(b) Other expenses

Travel and conference expenses
Administration costs
IT consultancy fees
Consultancy fees
Other

(c) Depreciation and amortisation expense

- Depreciation expense on right-of-use assets (note 6)
- Depreciation expense on plant and equipment (note 7)
- Amortisation expense on intangible assets (note 8)

| | Group 2023 \$ | Group 2022 \$ |
|--|---------------------|---------------------|
| | 1,487,106 | 1,352,592 |
| | 105,360 | 469,808 |
| | 1,592,466 | 1,822,400 |
| | | |
| | 30,333 | 12,713 |
| | 121,537 | 108,020 |
| | 2,089,732 | 1,162,135 |
| | 2,241,602 | 1,282,868 |
| | | |
| | (193,862) | (106,116) |
| | (372,381) | (580,495) |
| | (284,303) | (193,181) |
| | (283,605) | (318,205) |
| | (83,847) | (191,226) |
| | (1,217,998) | (1,389,223) |
| | | |
| | (214,462) | (196,108) |
| | (105,631) | (113,387) |
| | (80,508) | (80,508) |
| | (400,601) | (390,003) |

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NOTE 2. RIGHT-OF-USE ASSETS

The Group's lease portfolio includes office and clinic leases. The average term of these leases, excluding options, is 1-4 years.

(a) Carrying value

| | Group 2023 | Group 2022 |
|--------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Value of leases | 966,483 | 1,296,048 |
| Accumulated depreciation | (594,578) | (558,629) |
| | 371,905 | 737,419 |

Reconciliation

| | | |
|--|----------------|----------------|
| Net carrying amount at beginning of the year | 737,419 | 880,589 |
| Add: leases entered into during the financial year | - | 160,958 |
| Less: lease modified* | (151,052) | (108,020) |
| Depreciation expense during the financial year | (214,462) | (196,108) |
| Net carrying amount as at end of the year | 371,905 | 737,419 |

* The Group, at the request of the landlord, terminated the lease of its Sydney clinic. The Group received \$200,000 as settlement upon termination.

Gain on modification of lease

| | | |
|---|-----------|-----------|
| Reduction in carrying value of the ROU asset as at 30 June 2023 | (151,052) | (147,440) |
| Less: Lease liability | 46,589 | 255,460 |
| Less: Make good provision | 26,000 | - |
| Less: Settlement on termination | 200,000 | - |
| Other income – gain on modification of lease | 121,537 | 108,020 |

(b) AASB 16 related amounts recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | | |
|--|-----------|-----------|
| Interest expense | (29,677) | (42,247) |
| Depreciation | (214,462) | (196,108) |
| Other income – gain on modification of lease | (121,537) | 108,020 |

(c) Total financial year end cash outflows for leases

| | | |
|--------------------------------|-----------|-----------|
| Repayment of lease liabilities | (257,384) | (232,701) |
|--------------------------------|-----------|-----------|

(d) Options to extend or terminate

The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Leasehold Improvements

At cost
Accumulated Depreciation

Computer, office furniture and equipment

At cost
Accumulated depreciation

Total

At cost
Accumulated depreciation

Reconciliation

Leasehold improvements

Carrying amount at beginning of the year
Additions
Leasehold improvements written off
Depreciation
Carrying amount at the end of the year

Computer, office furniture and equipment

Carrying amount at beginning of the year
Additions
Plant and equipment written off
Depreciation
Carrying amount at the end of the year

Total

Carrying amount at beginning of the year
Additions
Leasehold improvements and plant and equipment written off
Depreciation
Carrying amount at the end of the year

| | Group 2023 | Group 2022 |
|--------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| At cost | 412,173 | 672,382 |
| Accumulated Depreciation | (325,586) | (390,694) |
| | 86,587 | 281,689 |
| At cost | 132,354 | 134,506 |
| Accumulated depreciation | (94,881) | (77,188) |
| | 37,473 | 57,318 |
| At cost | 544,527 | 806,888 |
| Accumulated depreciation | (420,467) | (467,882) |
| | 124,060 | 339,007 |

| | Group 2023 | Group 2022 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Carrying amount at beginning of the year | 281,689 | 365,564 |
| Additions | - | 11,134 |
| Leasehold improvements written off | (117,201) | - |
| Depreciation | (77,901) | (95,009) |
| Carrying amount at the end of the year | 86,587 | 281,689 |

| | | |
|--|---------------|---------------|
| Carrying amount at beginning of the year | 57,318 | 33,982 |
| Additions | 16,751 | 41,714 |
| Plant and equipment written off | (8,866) | - |
| Depreciation | (27,730) | (18,378) |
| Carrying amount at the end of the year | 37,473 | 57,318 |

| | | |
|--|----------------|----------------|
| Carrying amount at beginning of the year | 339,007 | 399,546 |
| Additions | 16,751 | 52,848 |
| Leasehold improvements and plant and equipment written off | (126,067) | - |
| Depreciation | (105,631) | (113,387) |
| Carrying amount at the end of the year | 124,060 | 339,007 |

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NOTE 4: INTANGIBLE ASSETS

As at 30 June 2022

Intangible assets

At cost

Accumulated Amortisation

| Group 2023 \$ | Group 2022 \$ |
|------------------------------|------------------------------|
| 6,901,301 | 3,044,555 |
| (230,158) | (149,651) |
| 6,671,143 | 2,894,905 |

| | Software \$ | Development costs \$ | Patents & trademarks \$ | Total \$ |
|-------------------------------------|------------------------|-------------------------------------|--|---------------------|
| Balance at 1 July 2022 | 82,751 | 2,754,912 | 57,242 | 2,894,905 |
| Additions | - | - | - | - |
| Additions from internal development | - | 3,856,746 | - | 3,856,746 |
| Amortisation | (37,973) | (42,535) | - | (80,508) |
| Balance at 30 June 2023 | 44,778 | 6,569,123 | 57,242 | 6,671,143 |

As at 30 June 2022

| | Software \$ | Development costs \$ | Patents & trademarks \$ | Total \$ |
|-------------------------------------|------------------------|-------------------------------------|--|---------------------|
| Balance at 1 July 2021 | 120,725 | 559,513 | 53,392 | 733,630 |
| Additions | - | - | 3,850 | 3,850 |
| Additions from internal development | - | 2,237,933 | - | 2,237,933 |
| Amortisation | (37,974) | (42,534) | - | (80,508) |
| Balance at 30 June 2022 | 82,751 | 2,754,912 | 57,242 | 2,894,905 |

There is no amortisation cost allocated to operating cost.

The Group started capitalising development costs relating to Openly and EMD-003 projects during the financial year ended 30 June 2021.

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NOTE 5: LOSS PER SHARE

(a) Reconciliation of loss used in calculating Loss Per Share

Loss attributable to the ordinary equity holders used in calculating basic loss per share

| Group 2023 \$ | Group 2022 \$ |
|---------------------|---------------------|
| (5,131,117) | (7,327,691) |

(b) Weighted average number of shares used as the Denominator

Ordinary shares used as the denominator in calculating basic loss per share

| 2023 Number | 2022 Number |
|----------------|----------------|
| 287,258,990 | 266,636,696 |

(c) Loss per share

Basic loss per share (cents per share)

Diluted loss per share (cents per share)

| Group 2023 Cents | Group 2022 Cents |
|------------------------|------------------------|
| (1.79) | (2.75) |
| (1.79) | (2.75) |

There is no dilution of shares due to options as the potential ordinary shares are not dilutive, therefore not included in the calculation of diluted loss per share.

NOTE 6: SEGMENT INFORMATION

AASB 8 'Operating Segments' requires a "management approach" under which segment information is presented on the same basis as that useful for internal reporting purposes by the chief operating decision maker ("CODM").

For management purposes, the Group is organised into one main operating segment, research and development, where the Group is a healthcare technology and clinical research company focused on generating high-quality, real-world evidence (RWE) data. The chief operating decision-makers of the Group are the Executive Directors and Officers.

All the Group's activities are interconnected, and all significant operating decisions are based on analysis of the Group as one segment. The segment's financial results are the equivalent of the financial statements as a whole. On 30 June 2023, all revenues and material assets are considered to be derived and held in one geographical area being, Australia.

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NOTE 7: SUBSIDIARIES

| Name of entity | Country of incorporation | Class of Shares | 2023 | 2022 |
|----------------------------------|--------------------------|-----------------|------|------|
| | | | | |
| Emyria Clinical Network Pty Ltd | Australia | Ordinary | 100% | 100% |
| Emyria Clinical Research Pty Ltd | Australia | Ordinary | 100% | 100% |
| Emyria Data Management Pty Ltd | Australia | Ordinary | 100% | 100% |
| Emyria IP Holdings Pty Ltd | Australia | Ordinary | 100% | 100% |
| Openly Care Inc. | United States | Ordinary | 100% | 100% |
| Emyria UK Ltd | United Kingdom | Ordinary | 100% | 100% |

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