

1. Company details

Name of entity: Noxopharm Limited
ABN: 50 608 966 123
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	down	-	-
Loss from ordinary activities after tax attributable to the owners of Noxopharm Limited	down	19.3%	(15,056,373)
Loss for the year attributable to the owners of Noxopharm Limited	down	19.3%	(15,056,373)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$15,056,373 (30 June 2022: \$18,666,810).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>3.10</u>	<u>8.26</u>

4. Loss of control over entities

Not applicable.

5. Dividends

Current period

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

Previous period

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

6. Dividend reinvestment plans

Not applicable.

7. Audit qualification or review

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

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

8. Attachments

Details of attachments (if any):

The Audited Financial Statements of Noxopharm Limited for the year ended 30 June 2023 is attached.

9. Signed



Signed _____

Date: 31 August 2023

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Noxopharm Limited

ABN 50 608 966 123

Audited Financial Statements - 30 June 2023

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Noxopharm Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

Mr. Frederick Bart, Non-Executive Chairman
Dr. Graham Kelly, Non-Executive Director (resigned 20 September 2022)
Mr. Peter Marks, Non-Executive Director and Deputy Chairman
Mr. Boris Patkin, Non-Executive Director
Dr. Gisela Mautner, Chief Executive Officer and Managing Director

Principal activities

The consolidated entity's principal activity in the course of the current financial year continued to be drug development, but during the period the corporate strategy evolved from the clinical development of Veyonda to discovering and developing novel treatments for cancer and inflammation, as well as improving mRNA vaccines, based on two promising preclinical platforms.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$15,056,373 (30 June 2022: \$18,666,810).

During the financial year, the consolidated entity has:

- Prioritised the allocation of resources to the development of the Chroma™ and Sofra™ programs. Noxopharm's preclinical portfolio and the opportunity to enter new and emerging clinical markets offered a strong level of risk mitigation for the company, along with increased out-licensing opportunities, and reflected the best use of shareholder funds to maximise value.
- Announced a new proprietary mRNA vaccine enhancer based on Sofra™ technology called SOF-VAC™, which aims to make a broad range of mRNA vaccines, like COVID vaccines, safer by reducing inflammation. The mRNA market has significant potential and growth prospects, with increasing interest worldwide in the ability of mRNA technology to target various diseases.
- Announced initial preclinical data from a proprietary novel CRO-67 'dual-cell' therapy drug developed under its Chroma™ platform, which is effective in killing both pancreatic cancer cells and their barrier cells to achieve a more profound anti-cancer treatment outcome. In the studies conducted using a cutting-edge model developed by UNSW Sydney, tumour cells decreased by up to 85% and barrier cells were reduced by up to 87%. There is a large global need for new pancreatic cancer treatments, which is predicted to be a US\$4 billion market.
- Limited further investment into Veyonda® clinical trials by discontinuing Noxopharm's DARRT-2 and CEP-2 trials. The low level of patient acceptance of suppositories, coupled with reduced hospital staff capacity and alternative trial options for patient participation, meant the DARRT-2 and CEP-2 trials continued to experience protracted patient recruitment and therefore longer projected readout timelines. The expectations for significant cost increases and the extended timeframes for reporting results of the two company-sponsored trials resulted in their discontinuation following a decision by the Board.
- Taken various actions to reduce expenditure across the business by streamlining operations and lowering headcount associated with clinical trials activities.
- Continued to supply Veyonda to support currently enrolled and potential future patients in the investigator-initiated IONIC trial led by Professor Paul de Souza.
- Presented research to the 15th International Congress on Systemic Lupus Erythematosus held in Seoul, reporting that a novel drug, preliminarily known as SOF-XX, represented a promising new class of therapeutics for the treatment of autoimmune diseases such as psoriasis and lupus.
- Deepened its relationship with the Hudson Institute of Medical Research, its strategic partner on the Sofra™ platform, by renewing contracts related to ongoing collaborations. Noxopharm also supported Hudson Institute as it successfully secured grant funding related to Noxopharm's pipeline and the development of first-in-class drug candidates.
- Continued implementing a robust patent intellectual property strategy around its preclinical assets.
- Increased its business development capabilities and activities in this area.

Significant changes in the state of affairs

During the financial year, the consolidated entity discontinued the Veyonda DARRT-2 and CEP-2 clinical trial programs and restructured its internal operations, resulting in a 40% decrease in headcount. This was a strategic move by the company to significantly reduce operating costs and allow it to allocate resources to the Sofra and Chroma pre-clinical platforms and ensure sufficient working capital for the next twelve months.

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

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity 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 consolidated entity.

Matters subsequent to the end of the financial year

On 30 August 2023, the Company signed a standby loan facility agreement with 4F Investments Pty Limited, a related party of Mr Frederic Bart, for up to \$2,000,000. The facility is available to meet the company's short term working capital needs. The interest rate on this facility is 16% per annum and repayable on receipt of the 30 June 2023 ATO Research & Development income tax rebate claim.

Except as noted above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation

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

Material Business Risks

Future Funding

While the Company has sufficient forecast cash resources to sustain operations for the next twelve months operations, Beyond this, the ability of the Company to continue as a going concern is principally dependant upon the ability of the company to secure additional working capital. These funds may be made up of loans or by raising capital from equity markets. The Company is carefully managing cash flows in line with available funding. There is a risk that the company may be unable to secure adequate funding to sufficiently fund its core operations

Commercialisation Success

The Company faces the risk that it does not successfully commercialise technologies from its drug development pipeline. There are no guarantee that the Company will be able to negotiate attractive commercial terms for future licence agreements. The Company proactively engages with key stakeholders to manage this risk.

Competition and New Technologies

There is the risk from the effect of the development of similar or superior technologies that may impact the commercialisation of the Company's current technology platforms. This risk is mitigated by strong IP protection, being first to market and the continual monitoring of identified competitive IP.

Drug Development Failure

There is the potential for lead drug candidate failure due to issues with safety and toxicity, the generation of non-supportive data to a method of action, efficacy signals or biomarker identification or sub therapeutic PK levels. The Company seeks to reduce this risk by having a robust drug development pipeline and alternative drug candidates. The Company uses a matrix to select the lead drug candidate that utilises high volumes of in vitro and in vivo data.

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Information on directors

Name:

Mr. Frederic Bart

Title:

Non-Executive Chairman

Experience and expertise:

In 1985, Mr Bart was appointed the Managing Director of Textile Industries Australia. The Group employed over 1,200 people and distributed product to many countries worldwide. The Company manufactured and distributed the majority of bed linen in Australia under brands like Sheridan and ACTIL. The Company was sold in 1987.

In 1989, Mr Bart established and chairs a number of private companies under the umbrella of the Bart Group which covered hotels, retail, commercial and residential land development and technologies which still continue to operate. The Group today employs in excess of 1,000 people and is active in many local and overseas markets.

In 2001, Mr Bart became Chairman of Electro Optic Systems Holdings Limited (ASX: EOS). Since that time it has grown to be one of Australia's premier defence companies with activities in many countries worldwide employing over 400 people and is currently included in the S&P/ASX 300.

In September 2000, Mr Bart became a director and Chairman of Audio Pixels Holdings Limited (ASX: AKP). Audio Pixels is developing the first digital speaker in the world and currently has a market capitalisation of over \$321m.

In 2013, Mr Bart became Director and majority shareholder of Immunovative Therapies Limited, a private Israeli company involved in the manufacture of vaccines for the treatment of certain forms of cancer. The Company has undertaken trials in both collateral and liver cancers.

In March 2018, Mr Bart joined the Board of Weebit Nano Limited (ASX: WBT). Weebit is a developer of memory technology (1,000 X faster, 1,000 X more energy efficient and 100X higher endurance) than existing flash memory technologies.

Other current directorships:

Fred Bart is Chairman of ASX listed company, Audio Pixels Holdings Limited and is a director of Weebit Nano Limited. Mr Bart is also a director of Immunovative Therapies Limited, an Israeli company involved in the manufacture of cancer vaccines for the treatment of most forms of cancer.

Former directorships (last 3 years):

Electro Optics Systems Holdings Limited (ASX:ESO) - resigned 27 July 2021.

Special responsibilities:

Member of Audit and Risk Committee

Member of Remuneration Committee

Interests in shares:

7,253,932

Interests in options:

3,846,154

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Name: Mr. Peter Marks
Title: Non-Executive Director and Deputy Chairman
Experience and expertise: Mr Peter Marks has over 35 years' experience in corporate advisory and investment banking. Over the course of his career, he has specialised in capital raising IPO's, cross border capital raisings, M&A transactions, corporate underwriting and venture capital transactions for companies based in Australia, the US and Israel. He has been involved in a broad range of transactions with a special focus in the life-sciences, biotechnology, medical technology and high tech as well as the mining sector. Peter has served as both an Executive and Non-Executive Director of a number of different entities, many of which have been listed on the ASX, Nasdaq and AIM markets.

Other current directorships: Peter holds a Bachelor of Economics, Bachelor of Laws and a Graduate Diploma in Commercial Law from Monash University, Australia. He also holds an MBA from the University of Edinburgh, Scotland.

Former directorships (last 3 years): Alterity Therapeutics Limited (ASX:ATH) - since 29 July 2005 (formerly known as Prana Biotechnology Limited, Iris Metals (ASX:IR1) - since December 2020 and Evergreen Lithium Limited (ASX:EG1) since 21 January 2022.

Special responsibilities: Fluence Corporation Limited (ASX:FLC) - resigned 31 March 2020; Elsieht Limited (ASX:ELS) - resigned 30 November, 2021 and Nyrada Limited (ASX:NYR) - resigned 1 August 2022.

Interests in shares: Chair of Audit and Risk Committee
Interests in options: Chair of Remuneration Committee

Interests in shares: 900,000

Interests in options: -

Name: Mr. Boris Patkin
Title: Non-Executive Director
Experience and expertise: Boris brings comprehensive market knowledge, thorough research and years of experience in investment markets and business consulting.

As a financial and investment advisor, Boris has an in-depth understanding of industry trends and has valuable insight into domestic and international markets. He specialises in the reconstruction of companies, investments and in international trade and is also an experienced Lithium business consultant in the medical and disruptive technology arena.

Other current directorships: Boris has completed a Bachelor of Science (Industrial Chemistry) from UNSW. He is currently a member of MeSAFAA and is a senior advisor with Morgans Financial Ltd.
Former directorships (last 3 years): Non-Executive Chairman of Ausmon Resources Ltd - since 2014

Special responsibilities: N/A
Member of Audit and Risk Committee
Member of Remuneration Committee

Interests in shares: 630,000

Interests in options: 250,000

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Name: Dr. Gisela Mautner
Title: Chief Executive Officer and Managing Director
Experience and expertise: Dr Gisela Mautner has more than 20 years of extensive leadership experience in global pharmaceutical organisations, including operational, medical and scientific advisory roles across multiple therapeutic areas. During her career she held senior positions at global pharmaceutical companies like MSD (Merck), Bayer and Amgen in Germany as well as Australia.

She holds a Doctor of Medicine degree and a PhD from Germany, a Master of Public Health (MPH) from Harvard University, and a Master of Business Administration (MBA) from Northwestern University of Chicago.

Gisela was appointed Chief Executive Officer and Managing Director of Noxopharm in 2022, previously serving as Chief Medical Officer since 2019.

Other current directorships: Nyrada Inc. (ASX:NYR) - appointed 1 August 2022
Former directorships (last 3 years): N/A
Interests in shares: -
Interests in options: 2,000,000 performance options, 265,208 unlisted options.

'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 exclude directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr. David Franks

David Franks (BEc, CA, FFin, FGIA, JP) has held the position of Company Secretary since 16 January 2017.

David is a Director and Principal of the Automic Group. He is a Chartered Accountant, Fellow of the Financial Services Institute of Australasia, Fellow of the Governance Institute of Australia, Justice of the Peace and Registered Tax Agent.

With over 25 years' experience as a Director and Company Secretary of numerous unlisted and publicly listed entities, David has been involved in a range of industries including energy retailing, transport, financial services, mineral and oil & gas exploration, technology, automotive, software development and commercialisation and healthcare.

David is currently the Company Secretary for Applyflow Limited, COG Financial Services Limited, Cogstate Limited, Dubber Corporation Limited, Evergreen Lithium Limited, Exopharm Limited, GB Energy Holdings Limited, IRIS Metals Limited, IXUP Limited, JCurve Solutions Limited, Noxopharm Limited, Nyrada Inc, Omega Oil & Gas Limited, Superhero Holdings Limited, White Energy Company Limited and Zip Co Limited.

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		Audit and Risk Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr. Frederic Bart	7	7	-	-	1	1
Dr. Graham Kelly	1	1	1	1	1	1
Mr. Peter Marks	7	7	2	2	1	1
Mr. Boris Patkin	7	7	2	2	1	1
Dr. Gisela Mautner	7	7	-	-	-	-

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

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Remuneration report (audited)

The Remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, 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

Remuneration governance

The objective of the remuneration committee (constituting the full Board) is to ensure that pay and rewards are competitive and appropriate for the results delivered. The remuneration committee charter adopted by the Board aims to align rewards with achievement of strategic objectives and the creation of value for shareholders. The remuneration framework applied provides a mix of fixed and variable pay and a blend of short and long-term incentives as appropriate. Issues of remuneration are considered annually or otherwise as required.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable companies) for time commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, Directors are encouraged to hold shares in the Company.

Non-Executive Directors' fees and payments are reviewed annually by the Board of Directors. The Board of Directors considers advice from external sources (excluding remuneration consultants) as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the company.

The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Retirement benefits and allowances

No retirement benefits are payable other than statutory superannuation, if applicable to the Directors of the Company.

Other benefits

No motor vehicle, health insurance or other similar allowances are made available to Directors (other than through salary-sacrifice arrangements).

Executive remuneration

Executive pay and reward consists of base pay, short-term performance incentives, long-term performance incentives and other remuneration such as superannuation. Superannuation contributions are paid into the executive's nominated superannuation fund.

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Base Pay

Executives are offered a competitive level of base pay which comprises the fixed (unrisked) component of their pay and rewards. Base pay for senior executives is reviewed annually to ensure market competitiveness. There are no guaranteed base pay increases included in any senior executives' contracts. Base pay was increased during the year.

Short-term and long-term incentives

The Company currently operates an Executive Share Option Plan ("ESOP") which has been approved by shareholders in the 2016 Annual General Meeting. The Company currently operates a Loan Funded Performance Share Plan ("LFPSP") which has been approved by shareholders in the 2022 Annual General Meeting.

Performance based Remuneration

The purpose of a performance bonus is to reward individual performance in line with company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the consolidated entity. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of KPIs to determine achievement, depending on the role of the executive being assessed. These include:

- Successful contract negotiations;
- Company share price consistently reaching a targeted rate on the ASX or applicable market over a period of time;
- Company undertaking R&D activities within specified time frames.

Securities Trading Policy

The trading of Company's securities by employees and Directors is subject to, and conditional upon, the Securities Trading Policy which is available on the Company's website (www.noxopharm.com).

If remuneration consultants are to be engaged to provide remuneration recommendations as defined under section 9B of the Corporations Act 2001, then they are engaged by, and report directly to, the remuneration committee. No remuneration consultants were engaged to provide remuneration services during the financial year.

Remuneration Policy vs Financial Performance

The Company's policy is to remunerate based on industry practice and benchmark industry salaries rather than performance as this takes into account the risk and liabilities assumed by directors and executives as a result of their involvement in an R&D Biotech company.

Directors and executives are fairly compensated for the extensive work they undertake.

Voting and comments made at the company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, more than 75% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

The key management personnel of the consolidated entity consisted of the following directors and executives of Noxopharm Limited:

- Mr. Frederic Bart - Non Executive Chairman
- Dr. Graham Kelly - Non Executive Director (resigned 20 September 2022)
- Mr. Peter Marks - Non Executive Director and Deputy Chairman
- Mr. Boris Patkin - Non Executive Director
- Dr. Gisela Mautner - Chief Executive Officer and Managing Director

	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	
2022	\$	\$	\$	\$	\$	\$	\$
<i>Directors:</i>							
Mr. Frederic Bart	41,095	-	-	3,905	-	-	45,000
Dr. Graham Kelly	384,496	-	-	23,742	-	-	408,238
Mr. Peter Marks	60,000	-	-	-	-	-	60,000
Mr. Boris Patkin	45,000	-	-	-	-	58,669	103,669
Dr. Gisela Mautner (appointed 1 February 2022)	200,543	-	(13,041)	20,054	5,350	621,074	833,980
	<u>731,134</u>	<u>-</u>	<u>(13,041)</u>	<u>47,701</u>	<u>5,350</u>	<u>679,743</u>	<u>1,450,887</u>

* provision for annual leave

	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	
2023	\$	\$	\$	\$	\$	\$	\$
<i>Directors:</i>							
Mr. Frederic Bart	40,724	-	-	4,276	-	-	45,000
Dr. Graham Kelly (resigned 20 September 2022)	29,171	-	-	3,063	-	-	32,234
Mr. Peter Marks	60,000	-	-	-	-	-	60,000
Mr. Boris Patkin	45,000	-	-	-	-	11,690	56,690
Dr. Gisela Mautner	410,000	-	31,660	43,050	6,852	-	491,562
	<u>584,895</u>	<u>-</u>	<u>31,660</u>	<u>50,389</u>	<u>6,852</u>	<u>11,690</u>	<u>685,486</u>

* provision for annual leave

Mr. David Franks, company secretary is also an associate of Automic Group who provides registry, accounting and company secretary services to the Company. The contracts with Automic Group Associates are based on normal commercial terms. Payments made to Automic Group during the year are disclosed in the related party transactions note of the financial statements.

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>Directors:</i>						
Mr. Frederic Bart	100%	100%	-	-	-	-
Dr. Graham Kelly (resigned 20 September 2022)	100%	100%	-	-	-	-
Mr. Peter Marks	100%	100%	-	-	-	-
Mr. Boris Patkin	79%	43%	-	-	21%	57%
Dr. Gisela Mautner	100%	27%	-	-	-	73%

Service agreements

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

Name:	Dr. Gisela Mautner
Title:	Chief Executive Officer and Managing Director
Agreement commenced:	1 February, 2022
Term of agreement:	Open
Details:	Noxopharm Limited
	Annual salary of \$410,000 plus superannuation at statutory rate. Notice period of 90 days by Executive or the Company.

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.

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:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
16 December 2019	16 December 2020	16 December 2023	\$0.3200	\$0.169
6 November 2020	6 November 2021	6 November 2024	\$0.5500	\$0.329
31 May 2021	15 December 2021	15 December 2024	\$0.6810	\$0.314
31 May 2021	15 December 2022	15 December 2024	\$0.6810	\$0.313
1 February 2022	*	1 February 2026	\$0.5400	\$0.310

Options granted carry no dividend or voting rights.

* The performance options will vest on the achievement of any of the following:

- i) The Company being purchased in entirety (business sale/share sale); or
- ii) An AUD\$10 million or greater investment in the Company; or
- iii) Entering into a licencing agreement with a large Pharmaceutical Company.

The Directors have estimated 100% likelihood of the vesting criteria being achieved and as a result the full fair value of the options has been expensed.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Number of options granted during the year 2023	Number of options granted during the year 2022	Number of options vested during the year 2023	Number of options vested during the year 2022
Mr. Boris Patkin	-	-	125,000	125,000
Dr. Gisela Mautner	-	2,000,000	-	135,000

Additional information

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 (cents)	4.30	19.50	64.50	16.50	47.50
Share price HIGH for the financial year ended 30 June (cents)	30.00	69.50	95.00	45.92	72.00
Share price LOW for the financial year ended 30 June (cents)	3.90	17.50	18.50	8.39	35.50

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Dr. Graham Kelly (resigned 20 September 2022) * ^	36,062,294	-	-	-	36,062,294
Mr. Frederic Bart	5,618,651	-	1,635,281	-	7,253,932
Mr. Peter Marks	900,000	-	-	-	900,000
Mr. Boris Patkin	630,000	-	-	-	630,000
	<u>43,210,945</u>	<u>-</u>	<u>1,635,281</u>	<u>-</u>	<u>44,846,226</u>

* Includes securities held in the name of spouse, Mrs. Prue Kelly.

^ As at resignation date - 20 September 2022

Dr. Gisela Mautner holds no shares as at 30 June 2023 (2022: nil).

Option holding - Company

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr. Frederic Bart	3,846,154	-	-	-	3,846,154
Dr. Graham Kelly (resigned 20 September 2022) ^	2,008,013	-	-	(167,500)	1,840,513
Mr. Peter Marks	66,667	-	-	(66,667)	-
Mr. Boris Patkin	310,000	-	-	(60,000)	250,000
Dr. Gisela Mautner	2,265,208	-	-	-	2,265,208
	<u>8,496,042</u>	<u>-</u>	<u>-</u>	<u>(294,167)</u>	<u>8,201,875</u>

* Includes options held in in the name of the spouse, Mrs. Prue Kelly.

^ As at resignation date - 20 September 2022

This concludes the remuneration report, which has been audited.

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Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
23 July 2019 ^{**}	23 July 2023	\$0.5605	4,722,222
30 November 2019 ^{**}	17 December 2023	\$0.3200	451,041
14 August 2020 [^]	14 August 2023	\$0.3000	21,303,249
6 November 2020 ^{**}	6 November 2024	\$0.5500	697,500
31 May 2021	15 December 2024	\$0.6810	250,000
1 February 2022	1 February 2026	\$0.5400	2,000,000
			29,424,012

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.

* In accordance with Listing Rule 3.11.2, and further to the terms of these options issued and Listing Rule 6.22.2, the exercise price of the options has been amended as a result of the 13 May 2020 pro-rata Entitlements Offer to shareholders.

** Issued under the Noxopharm employee share plan.

[^] Issued for participating in capital raises.

^{^^} Issued in relation to the convertible notes issued July 2019 and December 2019.

Shares issued on the exercise of options

No ordinary shares of Noxopharm Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

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.

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

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd

There are no officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd.

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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

William Buck Audit (Vic) Pty Ltd 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



Fred Bart
Chairman

31 August 2023

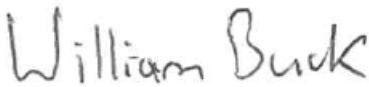
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NOXOPHARM LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

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

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



R. P. Burt
Director
Melbourne, 31 August 2023

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General information

The financial statements cover Noxopharm Limited as a consolidated entity consisting of Noxopharm Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Noxopharm Limited's functional and presentation currency.

Noxopharm 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:

Level 5
126 Phillip Street
SYDNEY NSW 2000

Principal Place of Business:

60 Linksley Ave
Glenhaven NSW 2156

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023. The directors have the power to amend and reissue the financial statements.

Corporate Governance Statement

The Corporate Governance Statement is available on the Company's website at <http://www.noxopharm.com>

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



	Note	Consolidated 2023 \$	2022 \$
Revenue			
Revenue and other income	4	6,092,595	5,475,590
Net (loss) on investment at fair value through profit and loss	10	(4,452,981)	(8,857,384)
Expenses			
Corporate administration expenses	5	(1,669,278)	(1,769,101)
Research and development expenses		(10,646,584)	(7,777,415)
Depreciation and amortisation expenses		(154,534)	(261,513)
Consulting, employee & director expenses	5	(4,184,596)	(5,399,652)
Finance costs	5	(40,995)	(77,335)
Loss before income tax expense		(15,056,373)	(18,666,810)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Noxopharm Limited		(15,056,373)	(18,666,810)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Noxopharm Limited		<u>(15,056,373)</u>	<u>(18,666,810)</u>
		Cents	Cents
Basic earnings per share	25	(5.15)	(6.41)
Diluted earnings per share	25	(5.15)	(6.41)

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

Noxopharm Limited
Statement of financial position
As at 30 June 2023



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	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	3,008,674	14,010,668
Trade and other receivables	8	6,084,656	5,213,381
Other assets	9	65,657	1,609,279
Total current assets		<u>9,158,987</u>	<u>20,833,328</u>
Non-current assets			
Financial assets at fair value through profit and loss	10	962,052	5,415,033
Plant and equipment		7,411	84,782
Right-of-use assets		-	137,102
Term deposit pledged for bank guarantee		-	123,512
Total non-current assets		<u>969,463</u>	<u>5,760,429</u>
Total assets		<u>10,128,450</u>	<u>26,593,757</u>
Liabilities			
Current liabilities			
Trade and other payables	11	716,981	1,795,721
Lease liability building		-	160,624
Employee benefits		245,167	324,502
Total current liabilities		<u>962,148</u>	<u>2,280,847</u>
Non-current liabilities			
Employee benefits		93,041	194,966
Total non-current liabilities		<u>93,041</u>	<u>194,966</u>
Total liabilities		<u>1,055,189</u>	<u>2,475,813</u>
Net assets		<u>9,073,261</u>	<u>24,117,944</u>
Equity			
Issued capital	12	74,635,721	74,635,721
Reserves	13	6,498,058	8,285,254
Accumulated losses		<u>(72,060,518)</u>	<u>(58,803,031)</u>
Total equity		<u>9,073,261</u>	<u>24,117,944</u>

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

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



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Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	72,622,560	8,487,119	(40,333,304)	40,776,375
Loss after income tax expense for the year	-	-	(18,666,810)	(18,666,810)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(18,666,810)	(18,666,810)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of Director's options	-	621,074	-	621,074
Exercise of options	2,013,161	(808,294)	-	1,204,867
Expiry of options	-	(197,083)	197,083	-
Vesting of share-based payments (note 26)	-	182,438	-	182,438
Balance at 30 June 2022	<u>74,635,721</u>	<u>8,285,254</u>	<u>(58,803,031)</u>	<u>24,117,944</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	74,635,721	8,285,254	(58,803,031)	24,117,944
Loss after income tax expense for the year	-	-	(15,056,373)	(15,056,373)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(15,056,373)	(15,056,373)
<i>Transactions with owners in their capacity as owners:</i>				
Vesting of share based payments (note 26)	-	11,690	-	11,690
Expiry of options	-	(1,798,886)	1,798,886	-
Balance at 30 June 2023	<u>74,635,721</u>	<u>6,498,058</u>	<u>(72,060,518)</u>	<u>9,073,261</u>

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

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



	Note	Consolidated	
		2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		-	36,000
Payments to suppliers and employees		(16,045,301)	(19,694,617)
Interest received		85,797	60,181
Receipt from R&D tax rebate		5,011,681	5,864,838
Receipts from Government Grants		25,000	25,000
		<u>(10,922,823)</u>	<u>(13,708,598)</u>
Interest and other finance costs paid		(23,522)	(24,929)
Net cash used in operating activities	24	<u>(10,946,345)</u>	<u>(13,733,527)</u>
Cash flows from investing activities			
Proceeds from release of security deposits		123,512	-
Net cash from investing activities		<u>123,512</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from the exercise of options	12	-	1,204,868
Lease Payments - building		(178,095)	(229,143)
Net cash from/(used in) financing activities		<u>(178,095)</u>	<u>975,725</u>
Net decrease in cash and cash equivalents		(11,000,928)	(12,757,802)
Cash and cash equivalents at the beginning of the financial year		14,010,668	26,795,785
Effects of exchange rate changes on cash and cash equivalents		(1,066)	(27,315)
Cash and cash equivalents at the end of the financial year	7	<u>3,008,674</u>	<u>14,010,668</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

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied in this reporting period, unless otherwise stated. The financial statements are for Noxopharm Limited ("the Company") and its subsidiaries ("the consolidated entity").

New or amended Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New or amended 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 consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations is that none are deemed to have a material impact on the entity

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 and the Corporations Act 2001. Noxopharm Limited is a for-profit entity for the purpose of preparing the financial statements. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These financial statements have been prepared under the historical cost convention, with the exception of the fair valuation of the investment in Nyrada.

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 consolidated entity's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Noxopharm Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Noxopharm Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Other Income recognition

Other income is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Other income is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue 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.

Government research and development tax incentives

Government grants, including research and development incentives are recognised at fair value when there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to research and development expenditure are recognised as income over the periods necessary to match the grant costs they are compensating. The incentive is recognised as income as it is not tied to offsetting assessable income in tax.

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 consolidated entity'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 consolidated entity'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.

Leases

A 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

Research and development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

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)

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 taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flow.

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.

Research and Development Rebate

With the successful track record of the consolidated entity in obtaining the Research and Development rebate from the ATO, the estimated 2023 rebate for \$5.9M has been accrued into income for the year ended 30 June 2023 (2022: \$5.0M).

The company is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claim lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.5.9

Share-based payment transactions

The consolidated entity 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. See note 26 for any non-market vesting hurdle conditions attached to the options.

Non-recognition of carried forward tax losses

The balance of future income tax benefit arising from timing differences and carried-forward losses have not been recognised as an asset because recovery is not regarded as probable. The cumulative future income tax benefit which has not been recognised as an asset will only be obtained if:

- i) The Group derives future assessable income of a nature and amount sufficient to enable the benefit to be realised,
- ii) The Group continues to comply with the conditions for the deductibility imposed by law, and
- iii) No changes in tax legislation adversely affecting the Group realising the benefit.

Fair value measurement hierarchy

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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

The consolidated entity's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The valuation techniques used for instruments categorised in levels 1 and 3 are described below:

Valuation of investment in Nyrada Inc.

Nyrada Inc. ordinary shares (level 1): The 33,373,245 Nyrada ordinary shares held by the consolidated entity were valued at fair value, using 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. The price used for valuing these ordinary shares was the ASX listed market price of 2.8 cents as at 30 June 2023.

Nyrada Inc. performance shares (level 3): The 12,000,600 Nyrada performance shares were externally valued considering Level 3 hierarchy fair value inputs such as - the spot price of 2.8 cents, a risk free interest rate of 4.175% (based on Australian government bond rate as a proxy), a historical volatility factor of 103.16% and the Monte Carlo approach for estimating the probability of the market based vesting conditions being achieved. The milestones to be achieved for each tranche is as follows:

Tranche 1:

- i) The trading price for Nyrada Chess Depositary Interests (CDI's) on the ASX achieving at least \$0.40 for 5 consecutive trading days; and
- ii) The Scientific Advisory Board to the Company determining that, based on in-vivo data, the final lead neuroprotectant drug candidate is ready to proceed to pre-clinical safety and toxicology studies ("non-CDI price-based milestone").

Tranche 2:

- i) The trading price for Nyrada Chess Depositary Interests (CDI's) on the ASX achieving at least \$0.40 for 5 consecutive trading days; and
- ii) The Scientific Advisory Board to the Company determining that, based on in-vivo data, the final lead peripheral neuropathic pain drug candidate is ready to proceed to pre-clinical safety and toxicology studies ("non-CDI price-based milestone").

Note 3. Operating segments

The consolidated entity continues to operate in one segment, being the clinical development in the field of both oncology and non-oncology in the pan-pacific region. The segment details are therefore fully reflected in the body of the annual report.

Note 4. Revenue and other income

	Consolidated	
	2023	2022
	\$	\$
Interest income	82,509	46,944
Federal Government Grants	25,000	25,000
R&D tax incentives [^]	5,985,086	5,367,646
Research Service Fees	-	36,000
Revenue and other income	<u>6,092,595</u>	<u>5,475,590</u>

Note 4. Revenue and other income (continued)

^ The Research and Development Tax Incentive programme provides tax offsets for expenditure on eligible R&D activities. Under the programme, Noxopharm, having expected aggregated annual turnover of under \$20 million, is entitled to a refundable R&D credit of 48.5% (2022: 43.5%) on the eligible R&D expenditure incurred on eligible R&D activities. One of the conditions the company must meet is ensuring more than 50% of total R&D activity costs will be incurred in Australia.

The refundable R&D tax offset is accounted for under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.

Note 5. Expenses

	Consolidated	
	2023	2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Corporate Administration expenses</i>		
Corporate administration expenses	719,705	708,363
Audit, accounting and company secretarial fees	176,112	155,321
Insurances	423,903	651,205
Legal fees	63,224	82,047
Loss on disposal plant and equipment	59,939	-
ASX and filing fees	64,273	67,677
Marketing and advertising	192,122	104,488
	<u>1,699,278</u>	<u>1,769,101</u>
<i>Consulting, Employee and Director Expenses</i>		
Consulting expenses	20,418	280,523
Employee related expenses	3,642,361	3,711,154
Superannuation and other employee related expenses	355,343	437,419
Director expenses (excluding executive directors)	154,784	167,045
Share-based payment expense - Noxopharm Limited ^	11,690	803,511
	<u>4,184,596</u>	<u>5,399,652</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	40,995	77,335

^ Refer to note 26 for further information on share based payments.

Note 6. Income tax

	Consolidated	
	2023	2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(15,056,373)	(18,666,810)
Tax at the statutory tax rate of 25%	(3,764,093)	(4,666,703)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax incentives	1,795,526	1,610,294
Deferred tax (liability)/asset relating to tax losses not recognised	2,430,439	1,926,677
Net movement in temporary differences not recognised	(461,872)	1,129,732
Income tax expense	<u>-</u>	<u>-</u>

Note 6. Income tax (continued)

Accounting policy for income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
Cash at bank and in hand	2,990,678	5,981,469
Term Deposit at call	-	8,000,000
Bank debit cards	17,996	29,199
	<u>3,008,674</u>	<u>14,010,668</u>

Accounting policy for cash and cash equivalents

Cash and short-term deposits includes cash at bank (including debit cards) and in hand and short-term deposits with an original maturity of three months or less, or redeemable at any time.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Note 8. Current assets - trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
Accounts receivable	-	5,584
GST receivable	108,635	201,893
R&D rebate receivable	5,976,021	5,002,616
Interest receivable	-	3,288
	<u>6,084,656</u>	<u>5,207,797</u>
	<u>6,084,656</u>	<u>5,213,381</u>

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

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Note 9. Current assets - other assets

	Consolidated	
	2023	2022
	\$	\$
Prepayments	65,657	462,787
Inventories	-	1,146,492
	<u>65,657</u>	<u>1,609,279</u>

Remaining inventory was disposed of and the related balance of \$1,059,653 was expensed through profit and loss post the closure of the clinical trial programs in May 2023.

The decrease in prepayments is due to an inventory production batch failure, with \$358,455 expensed to the profit and loss during the year.

Note 10. Non-current assets - financial assets at fair value through profit and loss

	Consolidated	
	2023	2022
	\$	\$
Investment in Nyrada Inc.- ordinary shares	934,451	4,505,388
Investment in Nyrada Inc.- performance shares	27,601	909,645
	<u>962,052</u>	<u>5,415,033</u>

Refer to note 16 for further information on fair value measurement.

The investment in Nyrada Inc. ("Nyrada") is the fair value as at 30 June 2023 related to 33,373,245 Nyrada shares received and held upon Nyrada's listing on the ASX, and the fair value as at 30 June 2023 related to the 12,000,600 performance shares received and held at 30 June 2023.

Refer to note 2 Critical accounting judgements, estimates and assumptions including valuation techniques applied for the group's value of its investment in Nyrada shares reflecting its Level 1 and level 3 investments.

During the year, the fair value of the investment in Nyrada decreased by \$4,452,981, with this amount expensed through profit and loss.

Note 11. Current liabilities - trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Trade and other payables	447,948	810,470
Accrued expenses	168,416	815,932
Bank credit cards	21,292	-
Other payables	79,325	169,319
	<u>716,981</u>	<u>1,795,721</u>

Refer to note 15 for further information on financial instruments.

Accounting policy for trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

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Note 12. Equity - issued capital

	Consolidated		2022
	2023	2022	
	Shares	Shares	\$
Ordinary shares - fully paid	292,237,950	292,237,950	74,635,721

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2021	288,221,727	72,622,560
Conversion of options	13 August 2021	6,667	2,000
Conversion of options	23 August 2021	48,101	14,430
Conversion of options	29 September 2021	3,961,455	1,996,731
Balance	1 July 2022	292,237,950	74,635,721
Balance	30 June 2023	292,237,950	74,635,721

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 consolidated entity'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.

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

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

The consolidated entity 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 consolidated entity 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.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

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Note 13. Equity - reserves

	Consolidated	
	2023	2022
	\$	\$
Options reserve	6,498,058	8,285,254

Option reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 14. Equity - dividends

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

Note 15. Financial instruments

Financial risk management objectives

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the consolidated entity's implementation of that system on a regular basis.

The consolidated entity's activities cause no material exposure to market risk (including currency risk and interest rate risk) and credit risk. The only material exposure is liquidity risk and price risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

The consolidated entity's financial instruments consist of cash and cash equivalents, financial assets held at fair value through profit and loss and trade and other payables.

	Consolidated	
	2023	2022
	\$	\$
Cash and cash equivalents	3,008,674	6,010,668
Term Deposits at call	-	8,000,000
Trade and other payables	(695,690)	(1,795,721)
Lease liabilities	-	(160,624)
Investment in Nyrada ordinary shares	934,451	4,505,388
Investment in Nyrada performance shares	27,601	909,645
	<u>3,275,036</u>	<u>17,469,356</u>

Price risk

The consolidated entity is exposed to price risk through its investment in Nyrada Inc. A change in share price (market risk) could impact the value of the investment held by the consolidated entity in Nyrada Inc.

Management of the consolidated entity manages this risk by monitoring the performance of Nyrada and its underlying share price. As this is considered a long term investment and this other price risk due to market movements is out of the control of the consolidated entity, there is no direct strategy to mitigate this risk other than to carefully monitor the underlying share price.

The below table shows a sensitivity analysis on the value of the investment in Nyrada ordinary shares if the Nyrada share price fluctuates by +/-20%.

The table below also shows an estimated sensitivity analysis for both tranches of Nyrada performance shares if the value fluctuates by +/- 20%. Note this is an estimated impact and does not consider movements in the probabilities of meeting the market conditions used in the Monte Carlo simulation to arrive at the valuation of these performance shares.

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Note 15. Financial instruments (continued)

Consolidated - 2023	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Nyrada Inc. ordinary shares	20%	186,890	186,890	(20%)	(155,742)	(155,742)
Nyrada Inc. performance shares -Tranche 1	20%	2,760	2,760	(20%)	(2,300)	(2,300)
Nyrada Inc. performance shares -Tranche 2	20%	2,760	2,760	(20%)	(2,300)	(2,300)
		<u>192,410</u>	<u>192,410</u>		<u>(160,342)</u>	<u>(160,342)</u>

Consolidated - 2022	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Nyrada Inc. ordinary shares	20%	901,078	901,078	(20%)	(750,898)	(750,898)
Nyrada Inc. performance shares -Tranche 1	20%	90,965	90,965	(20%)	(75,804)	(75,804)
Nyrada Inc. performance shares -Tranche 2	20%	90,965	90,965	(20%)	(75,804)	(75,804)
		<u>1,083,008</u>	<u>1,083,008</u>		<u>(902,506)</u>	<u>(902,506)</u>

Liquidity risk

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

The Company is exposed to liquidity risk via its trade and other payables.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Company's Management at Board meetings to ensure that the Company continues to be able to meet its debts as and when they fall due. Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity.

Remaining contractual maturities

The following tables detail the consolidated entity'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.

Consolidated - 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 \$
		\$	\$	\$	\$	
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	447,948	-	-	-	447,948
Other payables	-	247,742	-	-	-	247,742
Total non-derivatives		<u>695,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695,690</u>

Note 15. Financial instruments (continued)

Consolidated - 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 \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	810,470	-	-	-	810,470
Other payables	-	985,251	-	-	-	985,251
Lease liability	-	160,624	-	-	-	160,624
Total non-derivatives		1,956,345	-	-	-	1,956,345

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

Fair value of financial instruments

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate to their carrying amounts largely due to being liquid assets or liabilities that will be settled within 12 months.

Note 16. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Nyrada Inc. ordinary shares	934,451	-	-	934,451
Nyrada Inc. performance shares	-	-	27,601	27,601
Total assets	934,451	-	27,601	962,052

Consolidated - 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Nyrada Inc. ordinary shares	4,505,388	-	-	4,505,388
Nyrada Inc. performance shares	-	-	909,645	909,645
Total assets	4,505,388	-	909,645	5,415,033

There were no transfers between levels during the financial year.

Accounting policy for 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.

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Note 16. Fair value measurement (continued)

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.

The valuation techniques used for instruments categorised in levels 1 and 3 are described below:

Nyrada ordinary shares (level 1): The 33,373,245 Nyrada ordinary shares held by the consolidated entity were valued at fair value, using 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. The price used for valuing these ordinary shares was the ASX listed market price of 2.8 cents as at 30 June 2023.

Nyrada performance shares (level 3): The 12,000,600 Nyrada performance shares were externally valued considering Level 3 hierarchy fair value inputs such as - the spot price of 2.8 cents, a risk free interest rate of 4.175% (based on Australian government bond rate as a proxy), a historical volatility factor of 103.16% and the Monte Carlo approach for estimating the probability of the market based vesting conditions being achieved.

The table below shows the unobservable inputs used in measuring the level 3 fair value of financial instruments in the statement of financial position and the estimated impact of changes to these inputs.

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Note 16. Fair value measurement (continued)

Financial instruments with level 3 valuation techniques	Significant unobservable inputs	Estimated impact on fair value measurement
Nyrada performance shares - tranche 1	Volatility of returns of Nyrada CDI's	A +20% increase in the volatility will increase the value of the asset by \$2,760 and profit by \$2,760. A -20% decrease in the volatility will decrease the value of the asset by (\$2,300) and profit (\$2,300).
Nyrada performance shares - tranche 1	Risk free interest rate	A +/-20% movement in the risk free interest rate used in the valuation will have no material impact of on the fair value of the asset or profit.
Nyrada performance shares - tranche 2	Volatility of returns of Nyrada CDI's	A +20% increase in the volatility will increase the value of the asset by \$2,760 and profit by \$2,760 A -20% decrease in the volatility will decrease the value of the asset by (\$2,300) and profit (\$2,300).
Nyrada performance shares - tranche 2	Risk free interest rate	A +/-20% movement in the risk free interest rate used in the valuation will have no material impact of on the fair value of the asset or profit.

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Note 17. Key management personnel disclosures

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr. Frederic Bart - Non Executive Chairman
 Dr. Graham Kelly - Non Executive Director (resigned 20 September 2022)
 Mr. Peter Marks - Non Executive Director and Deputy Chairman
 Mr. Boris Patkin - Non Executive Director
 Dr. Gisela Mautner - Chief Executive Officer and Managing Director

Compensation

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

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	616,555	718,093
Post-employment benefits	50,389	47,701
Long-term benefits	6,852	5,350
Share-based payments	11,690	679,743
	<u>685,486</u>	<u>1,450,887</u>

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the company:

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services - William Buck Audit (Vic) Pty Ltd</i>		
Audit or review of the financial statements	<u>60,925</u>	<u>59,500</u>

Note 19. Contingent liabilities and licence agreement

The consolidated entity has entered into a licence agreement whereby it is obliged to make royalty payments on future sales and make future cash milestone payments if certain events occur. This agreement includes the following:

- * milestone payment based on the initiation of the first Phase III clinical trial for each product;
- * milestone payments based on first grant of a marketing authorisation for each product; and
- * royalty payments based on net sales.

There were no changes to this licence agreement during the year ended 30 June 2023.

Note 20. Related party transactions

Parent entity

Noxopharm Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

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Note 20. Related party transactions (continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

Transactions with related parties

Company secretarial and share registry services - provided by Automic Group, an entity associated with Mr. David Franks, on commercial terms and conditions. Total fees (excluding GST) paid to Automic Group for the year ended 30 June 2023 was \$119,294 (2022: \$102,052). Automic Group holds the share registry of Noxopharm Limited. All services provided by Automic Group during the year ended 30 June 2023 and to the date of this report were on commercial terms.

Group

Receivable from and payable to related parties

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

Loans to/from related parties

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

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	(14,096,970)	(17,717,934)
Total comprehensive income	(14,096,970)	(17,717,934)

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	9,158,988	20,833,328
Total assets	12,161,792	27,667,696
Total current liabilities	962,148	2,280,847
Total liabilities	1,055,189	2,475,813
Equity		
Issued capital	74,635,721	74,635,721
Options reserve	6,498,058	8,285,254
Accumulated losses	(70,027,176)	(57,729,092)
Total equity	<u>11,106,603</u>	<u>25,191,883</u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023.

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Note 21. Parent entity information (continued)

Contingent liabilities

Except as outlined in note 19, the parent entity had no contingent liabilities as at 30 June 2023 and 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments at 30 June 2023 and 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 22. Interests in subsidiaries and associates

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Norbio Holding Pty Ltd	Australia	100.00%	100.00%
Noxopharm US Corporation	USA	100.00%	100.00%
Pharmorage Pty Limited	Australia	100.00%	100.00%

Note 23. Matters subsequent to the end of the financial year

On 30 August 2023, the Company signed a standby loan facility agreement with 4F Investments Pty Limited, a related party of Mr Frederic Bart, for up to \$2,000,000. The facility is available to meet the company's short term working capital needs. The interest rate on this facility is 16% per annum and repayable on receipt of the 30 June 2023 ATO Research & Development income tax rebate claim.

Except as noted above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Note 24. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax expense for the year	(15,056,373)	(18,666,810)
Adjustments for:		
Depreciation and amortisation	154,534	261,513
Share-based payments	11,690	803,511
Foreign exchange differences	1,066	27,315
Net loss on disposal of plant and equipment	59,939	-
Fair value loss on investment in Nyrada Inc.	4,452,981	8,857,384
Non-cash finance costs	17,473	41,481
Accrued interest	3,288	13,236
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(477,434)	176,664
Decrease/(increase) in inventory	1,146,492	(834,982)
Decrease in trade and other payables	(1,078,740)	(4,334,449)
Decrease in employee entitlements	(181,261)	(78,390)
Net cash used in operating activities	<u>(10,946,345)</u>	<u>(13,733,527)</u>

Note 25. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax attributable to the owners of Noxopharm Limited	<u>(15,056,373)</u>	<u>(18,666,810)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>292,237,950</u>	<u>291,221,727</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>292,237,950</u>	<u>291,221,727</u>
	Cents	Cents
Basic earnings per share	(5.15)	(6.41)
Diluted earnings per share	(5.15)	(6.41)

The 29,424,012 (2022: 53,953,349) options on issue could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Noxopharm Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares.

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.

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Note 26. Share-based payments

During the year, the Company has not granted any share-based payments:

Set out below are summaries of options outstanding at the end of the financial year:

2023

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/12/2018	21/11/2022	781,667	-	-	(781,667)	-
23/07/2019	23/07/2023	4,722,222	-	-	-	4,722,222
30/11/2019	17/12/2023	823,878	-	-	(372,837)	451,041
20/06/2020	20/06/2023	20,022,333	-	-	(20,022,333)	-
14/08/2020	14/08/2023	21,303,249	-	-	-	21,303,249
06/11/2020	06/11/2024	1,050,000	-	-	(352,500)	697,500
17/11/2020	15/12/2022	3,000,000	-	-	(3,000,000)	-
31/05/2021	15/12/2024	250,000	-	-	-	250,000
01/02/2022	01/02/2026	2,000,000	-	-	-	2,000,000
		<u>53,953,349</u>	-	-	<u>(24,529,337)</u>	<u>29,424,012</u>

Total share based payment expense for the year was \$11,690 in relation to a final tranche of directors options vesting during the period.

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
10/12/2018	21/11/2022	-	781,667
23/07/2019	23/07/2023	4,722,222	4,777,222
30/11/2019	17/12/2023	451,041	823,878
18/06/2020	18/06/2023	-	20,022,333
14/08/2020	14/08/2023	21,302,249	21,302,249
06/11/2020	06/11/2024	697,500	1,050,000
15/12/2020	15/12/2022	-	1,000,000
15/12/2020	15/12/2022	-	1,000,000
15/12/2020	15/12/2022	-	1,000,000
31/05/2021	12/12/2024	250,000	125,000
		<u>27,423,012</u>	<u>51,882,349</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.33 years.

Accounting policy for share-based payments

Equity-settled and cash-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 consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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Note 26. Share-based payments (continued)

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.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

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 Australian Accounting Standards as issued by the Australian 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 consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Fred Bart
Chairman

31 August 2023

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Noxopharm Limited Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

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

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INVESTMENT IN NYRADA INC.	
Area of focus Refer also to notes 2 and 10	How our audit addressed it
<p>During the period and as disclosed in note 10, the Group continue to hold an investment in Nyrada Inc. (Nyrada), a previous subsidiary of the Group prior to its listing on the ASX.</p> <p>During the financial year ended 30 June 2021, it was determined that the Group's diluted shareholding in Nyrada had fallen below 20% and therefore begun accounting for the investment at fair value due to losing significant influence. Prior to this, the investment was accounted for using the equity method of accounting.</p> <p>The investment includes two instruments, being:</p> <ul style="list-style-type: none"> — Ordinary shares, that are carried at fair value based on their quoted value on the Australian Securities Exchange (ASX); and — Performance shares, that are carried at fair value based on a Monte Carlo simulation method. <p>The directors employed an independent specialist to appraise the fair valuation of the performance shares at balance date.</p> <p>This matter was considered a Key Audit Matter due to the estimates and judgements involved in determining fair value.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> — Assessing the appropriateness of the accounting treatment of the group's shareholding; — Recalculating the diluted percentage shareholding of Noxopharm in Nyrada as at 30 June 2023 to appraise management's assessment that continuing to account for the investment at fair value was appropriate; — Assessed the competence and qualifications of management's expert used to measure fair value of the performance shares; — Recalculating the fair value gain taken to the profit or loss during the period; and — Assessed the reasonableness of key inputs into the fair valuation provided by the expert engaged by management. <p>We further assessed the adequacy of disclosures in relation to the investment in the notes to the financial report.</p>
RESEARCH AND DEVELOPMENT RECEIVABLE AND REVENUE	
Area of focus Refer also to notes 2, 4 and 8	How our audit addressed it
<p>During the financial year and as disclosed in note 4, the Group recorded income of \$5.9m related to the FY23 R&D tax incentive. The income was recognised in accordance with the Group's accounting policy.</p> <p>As at 30 June 2023, an income tax R&D receivable of \$5.9m is recorded on the statement of financial position as disclosed in note 8.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Income from the R&D claim were tested substantively to ensure it was recognised correctly as per AASB 120 and the Group's accounting policy; — Performed substantive testing of R&D expenditure incurred and employment payroll costs which are included in the FY23 R&D claim; — The R&D tax incentive claim workings were assessed by our specialist William Buck R&D team for its appropriateness with respect ATO guidelines to consider if expenditure is deemed eligible; and

RESEARCH AND DEVELOPMENT RECEIVABLE AND REVENUE

Area of focus Refer also to notes 2, 4 and 8	How our audit addressed it
<p>Despite there being a history of the claims being received there remains a risk that the R&D receivable is overstated with expenses inappropriately included in the claim and revenue therefore overstated, or expenses included within both the R&D and other government grant claims therefore allowing the Group to “double-dip”.</p> <p>This matter was considered a Key Audit Matter due to the complexity and judgement applied in calculating the R&D claim.</p>	<p>— Vouched the prior period receivable amount to cash at bank in relation to the FY22 expenditure.</p> <p>We assessed the adequacy of the financial statement disclosures concerning the Group’s accounting policies with respect to the current claim and the disclosure within the notes to the financial report.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group’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 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

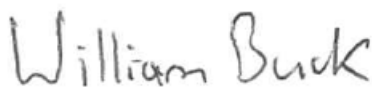
Opinion on the Remuneration Report

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 Noxopharm 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.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



R. P. Burt

Director

Melbourne, 31 August 2023

The shareholder information set out below was applicable as at 11 August 2023

NOX ordinary shares

	Number of holders	% by number of holders	Total number of shares	% by number of shares issued
1 to 1,000	403	10.77%	223,169	0.08%
1,001 to 5,000	990	26.46%	2,752,024	0.94%
5,001 to 10,000	635	16.97%	5,110,933	1.75%
10,001 to 100,000	1,328	35.49%	46,973,592	16.07%
100,001 and above	386	10.32%	237,178,232	81.16%
	<u>3,742</u>		<u>292,237,950</u>	

NOXOA - (listed options at \$0.315 expiry 14 Aug 2023)

	Number of holders	% by number of holders	Total number of options	% by number of options issued
1 to 1,000	3	2.50%	1,606	0.01%
1,001 to 5,000	11	9.17%	24,124	0.11%
5,001 to 10,000	9	7.50%	66,120	0.31%
10,001 to 100,000	57	47.50%	2,736,190	12.84%
101,000 and above	40	33.33%	18,475,209	86.72%
	<u>120</u>		<u>21,303,249</u>	

Unlisted options exercise price of \$0.32, expiry 16 Dec 2023

	Number of holders	% by number of holders	Total number of options	% by number of options issued
10,001 to 100,000	3	60.00%	195,833	43.42%
100,001 and above	2	40.00%	255,208	56.58%
	<u>5</u>		<u>451,041</u>	

Unlisted options exercise price of \$0.55, expiry 6 Nov 2024

	Number of holders	% by number of holders	Total number of options	% by number of options issued
10,001 to 100,000	4	50.00%	217,500	31.18%
100,001 and above	4	50.00%	480,000	68.82%
	<u>8</u>		<u>697,500</u>	

Unlisted options exercise price of \$0.681, expiry 15 Dec 2024

	Number of holders	% by number of holders	Total number of options	% by number of options issued
100,001 and above	1	100.00%	250,000	100.00%
	<u>1</u>		<u>250,000</u>	

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Unlisted options exercise price of \$0.54, expiry 1 Feb 2025

	Number of holders	% by number of holders	Total number of options	% by number of options issued
100,001 and above	<u>1</u>	100.00%	<u>2,000,000</u>	100.00%

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares % of total shares issued
	Number held
MILLIGENE PTY LTD (THE GE + PR KELLY FAMILY A/C)	26,249,106
MRS ELEANORE GOODRIDGE	13,050,000
MILLIGENE PTY LTD (THE GE + PR KELLY FAMILY A/C)	8,000,000
CITICORP NOMINEES	6,751,024
RGT CAPITAL FUND NO 5 (NOXO) PTY LTD	6,500,333
MR FRED BART	5,618,651
LINK TRADERS (AUST) PTY LTD	5,545,298
LINK TRADERS (AUST) PTY LTD	5,041,224
KALE CAPITAL CORPORATION LIMITED	4,997,437
JAMBER INVESTMENTS PTY LTD (THE AMBER SCHWARZ FAM A/C)	4,252,761
RHLC PTY LIMITED (RHLC S/F A/C)	3,200,000
MR LIZHONG YU	2,918,000
BLACKCOURT (NSW) PTY LIMITED (LAWSAM SUPER FUND A/C)	2,686,376
MR ROBERT THOMAS LIN	2,500,000
OGEN NOMINEES PTY LTD	2,300,000
HALCYON NOMINEES PTY LTD (HALCYON SUPER FUND A/C)	2,000,000
MRS SOPHIE ETHEL GELSKI	1,942,424
HELIUM MANAGEMENT PTY LTD (HELIUM S/F A/C)	1,751,246
MR MICHAEL SHABAT & MS MEITAL HANA SHABAT (M&M SHABAT SUPER FUND A/C)	1,702,824
BERNE NO 132 NOMINESS PTY LTD (331898 A/C)	1,660,238
	<u>108,666,942</u>
	<u>37.19</u>

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Listed Options - (NOXOA)

	Options over ordinary shares	Options over ordinary shares
	Number held	% of total options issued
CG NOMINEES (AUSTRALIA) PTY LTD	4,000,000	18.78%
MS LISSA LORRAINE SACHR	1,350,000	6.34%
MR STEPHEN EDWARD MAHKEIN AND MRS DIOR LEONIE MAHKEIN (THREE FISH A/C)	1,093,741	5.13%
MR STEPHEN EDWARD MAHKEIN AND MRS DIOR LEONIE MAHKEIN (THREE FISH A/C)	1,050,000	4.93%
JAMBER INVESTMENTS PTY LTD (THE AMBER SCHWARZ FAM A/C)	914,879	4.29%
LINK TRADERS (AUST) PTY LTD	914,879	4.29%
MR MATTHEW JAMES SACHR	833,673	3.91%
LAWSAM PTY LTD	666,667	3.13%
COSMOS NOMINEES PTY LTD (THE PLASTICS CENTRE S/F A/C)	604,166	2.84%
LTL CAPITAL PTY LTD	589,266	2.77%
LINK TRADERS (AUST) PTY LTD	585,121	2.75%
BLUE LAKE PARTNERS PTY LTD	448,718	2.11%
GINGA PTY LTD (T G KLINGER SUPER FD A/C)	356,355	1.67%
SOLEVU PTY LTD (RT LIN SUPER FUND A/C)	333,333	1.56%
MR PETER DANCKWERTS	316,901	1.49%
MS JIN QIN WANG	301,795	1.42%
MRS DIANE VUCIC	300,000	1.41%
MS ALISON CLAIRE JAFFEE	256,412	1.20%
WHIMPLECREEK PTY LTD (THE STAWELL FAMILY A/C)	256,410	1.20%
PERSHING SECURITIES AUSTRALIA PTY LTD	256,410	1.20%
	<u>15,428,726</u>	

Unquoted equity securities

There are no unquoted equity securities.

Holders of more than 20% of unquoted equity security holders (excluding Employee Incentive Schemes)

	Number held	% of total securities
Unlisted Options (Exercise price \$0.681, expiry 15 December 2024) BORIS PATKIN	250,000	100.00%

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	% of total shares issued
	Number held	
MILLIGENE PTY LTD (THE GE + PR KELLY FAM TRUST) AND OTHERS	34,359,106	11.76
ELEANORE GOODRIDGE	14,050,000	4.81

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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.

Options

All quoted and unquoted options do not carry any voting rights.

There are no other classes of equity securities.

ASX Listing Rule 3.13.1 and 14.3

The Company advises that the Annual General Meeting (AGM) of the Company is scheduled for Thursday 16 November 2023 at 1.00pm (AEDT). The location of the AGM is subject to COVID-19 restrictions, including regulatory requirements. Further details, including any hybrid or virtual meeting arrangements, will be confirmed closer to the AGM.

Further to Listing Rule 3.13.1, Listing Rule 14.3, nominations for election of directors at the AGM must be received not less than 30 Business Days before the meeting, being no later than Wednesday 5 October 2023.

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Corporate Directory

30 June 2023

Board of Directors	Frederic Bart, Non-Executive Chairman Peter Marks, Non-Executive Director and Deputy Chairman Boris Patkin, Non-Executive Director Gisela Mautner – Chief Executive Officer and Managing Director
Company Secretary	David Franks
Registered Office	Level 5, 126 Philip Street Sydney, NSW 2000
Principal Place of Business	60 Linksley Ave Glenhaven NSW 2156
Website	www.noxopharm.com
Share Register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney, NSW 2000
Auditors	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street Melbourne, VIC 3000
Stock Exchange	Australian Securities Exchange 20 Bridge Street Sydney, NSW 2000
ASX Code	NOX

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