



IMAGION BIOSYSTEMS LIMITED

APPENDIX 4E AND PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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1. Reporting period (“current period”): Year ended 31 December 2023
 Previous corresponding period: Year ended 31 December 2022

2. Results for announcement to the market

| Item | | Movement | \$AUD |
|---|------|----------|--------------|
| Revenue | up | 68.7% to | 5,179,322 |
| (Loss) from ordinary activities after tax attributable to members | down | 33.2% to | (13,065,350) |
| Net (loss) for the period attributable to members | down | 40.3% to | (13,023,193) |

Dividends

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

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income

Refer to the attached Preliminary Financial Statements together with notes for the year ended 31 December 2023.

4. Consolidated Statement of Financial Position

Refer to the attached Preliminary Financial Statements together with notes for the year ended 31 December 2023.

5. Consolidated Statement of Cash Flows

Refer to the attached Preliminary Financial Statements together with notes for the year ended 31 December 2023.

6. Consolidated Statement of Changes in Equity

Refer to the attached Preliminary Financial Statements together with notes for the year ended 31 December 2023.

7. Dividends

Current period:

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

Previous period:

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

8. Dividend reinvestment plans

There are no dividend reinvestment plans operation.

9. Net tangible assets

| | 31 Dec 2023 \$AUD | 31 Dec 2022 \$AUD |
|---|----------------------|----------------------|
| Net tangible asset backing per ordinary share | (0.1435) | 0.1669 |

31 December 2022 net tangible assets has been adjusted to reflect the 40:1 share consolidation that occurred on 14 November 2023.

10. Details of entities over which control has been gained or lost

N/A

11. Details of associates and joint venture entities

N/A

12. Any other significant information

N/A

13. Foreign Entities

Details of origin of Accounting Standards of foreign subsidiary:

Imagion Biosystems Limited owns 100% of Imagion Biosystems Inc. This company prepares their financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

14. Results for the period

Refer to the attached Preliminary Final Report for commentary on the results.

15. Status of Audit

The report is based on accounts which are in the process of being audited.

16. Attachments:

The Preliminary Final Report of Imagion Biosystems for the year ended 31 December 2023 is attached.



IMAGION BIOSYSTEMS LIMITED

ABN: 42 616 305 027

Preliminary Final Report - 31 December 2023

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Preliminary commentary on the results

Preliminary operating loss for the year of \$13,065,350 (2022: \$9,807,208 loss) was materially in line with expectations and increased from the prior year mainly due to increased expenditure in relation to preparation of the HER2 Breast Cancer imaging agent for IND filing, refer below for further discussion.

Revenue and other income

Revenue and Other Income comprised income generated through sales of nanoparticles manufactured by the consolidated entity to customers.

Total receipts from sales of super-paramagnetic iron oxide nanoparticles over the year increased by \$792,745 to \$1,266,174 (2022: \$473,429). These sales were undertaken directly through the consolidated entity and includes sales to New Phase, an Israeli-based company, for the exploratory use of their SaNP hyperthermia treatment as well as other sales to another key customer.

Research & development tax incentives

The consolidated entity received its 2022 research and development tax incentive claim \$3,534,075 during the year. This was materially higher than the prior claim of \$2,500,966 reflecting increased activity of the business during 2022.

Operating expenses

Total expenses increased by \$5,366,539 to \$18,244,672 (2022: \$12,878,133). Included in the increase are non-cash related costs (share based payments, depreciation, foreign exchange loss, fair value loss and notional interest expenses) of \$3,172,935 (2022: \$1,936,981).

Research and development expenses

Research and development expenses increased by \$1,634,741 to \$5,250,592 (2022: \$3,615,851). The increase is mainly due to expenses relating to the MagSense® HER2 Breast Cancer program. Phase 1 study expenses reduced as the study was completed and closed in the second-half of the year but there were increases in other costs as the consolidated entity proceeded towards an IND submission to support a phase 2 study in the United States. Costs were associated with the commencement of collecting additional non clinical and clinical data (pharmacokinetics); and commencement of manufacturing additional MagSense® HER2 imaging agent material to support a US Phase 2 study.

Employment expenses

Employment expenses increased by \$1,376,192 to \$6,239,698 (2022: \$4,863,506). In addition to salary increases and promotions in the ordinary course of business the consolidated entity in 2022 increased its organisational capabilities with key hires including: clinical operations employees to increase clinical operations capabilities related to the consolidated entity's plans for the next phase of clinical development and; operations employees to improve manufacturing and quality capabilities in support of clinical development plans and external sales; establishing a quality team and a supporting employee to support clinical operations and manufacturing. These 2022 hires predominantly accounted for the increase in costs for the full 2023 fiscal-year. In October and then again in December of 2023 the consolidated entity reduced its workforce significantly, these reductions, in addition to the resignation of former CEO Dr. Isaac Bright in January 2024, will result in significantly reduced employment expenses in 2024.

Liquidity

The consolidated entity had cash at 31 December 2023 of \$0.23 million. In January 2024 the consolidated entity has received \$0.56 million in nanoparticle revenues. The consolidated entity expects to receive its research and development tax incentive of \$0.4 million in the second quarter of 2024.

Whilst the consolidated entity has reduced operating costs, the increased nanoparticle revenues are not sufficient to fund the consolidated entity's overall programs nor commence to reduce the consolidated entity's liabilities in any significant way. To this end the consolidated entity is continuing to explore financing options and strategic partnerships that could allow the realisation of value of the technology.

Given the consolidated entity's net liability position there is increased risk of being able to achieve a positive outcome in relation to financing options or strategic partnerships.

Clinical development

MagSense® HER2 Breast Cancer Program

The MagSense® HER2 imaging agent provides potentially new information for radiologists when assessing HER2 breast cancer which is not available through conventional imaging methods. During the year the consolidated entity announced that an independent blinded review by a panel of expert breast cancer radiologists corroborated the consolidated entity's previously reported positive findings from its MagSense® HER2 breast cancer phase 1 study. The radiologists ascertained that the MagSense® HER2 imaging agent produces a change in Magnetic Resonance Image (MRI) contrast and that the contrast in nodes highly suspicious for tumour is distinctly different from the MRI contrast seen in non-involved nodes. The independent reviews are consistent with the consolidated entity's previous assertion that the MagSense® imaging agent potentially provides new information for the radiologist not available through conventional methods, like ultrasound, and has the potential to aid in the clinical assessment of nodal metastasis in HER2 positive breast cancer.

As of December 2023, the consolidated entity had successfully completed its first-in-human phase 1 study for the MagSense® HER2 imaging agent and reported results at a global breast cancer forum. The consolidated entity anticipates it will need an additional ~\$1.0 million of capital to continue the progression of the cancer imaging agent towards an IND submission for the next phase of clinical testing.

MagSense® Prostate Cancer Program

The prostate cancer project continued during the year with the consolidated entity securing a second grant of \$50,000 under the Entrepreneurs' Programme of the Australian Government Department of Industry, Science, Energy and Resources. The consolidated entity used the first grant in 2021 to support its early preclinical research efforts for prostate cancer detection in collaboration with researchers at Monash University. The second grant is being used to continued that program, building on the preclinical results that were reported at the World Molecular Imaging Conference in September 2022. In addition to researching prostate cancer the researchers at Monash University are also looking at the use of the consolidated entity's targeted nanoparticle formulation to detect other forms of cancer that express the target antigen, such as triple negative breast cancer. The prostate cancer imaging agent is now ready for advancement to IND-enabling studies pending funding.

MagSense® Ovarian Cancer Program

The ovarian cancer project continued during the year with the consolidated entity presenting two scientific posters related to the consolidated entity's ovarian cancer detection program at the Annual Association of Cancer Research in Florida. The ovarian cancer imaging agent is now ready for advancement to IND-enabling studies pending funding.

MagSense® Brain Cancer Program

In 2021 the consolidated entity initiated a collaboration with Patrys Limited (ASX: PAB) to explore combining the consolidated entity's MagSense® nanoparticle technology with Patrys' DNA-targeting molecules to develop an imaging agent for hard-to-diagnose cancers such as brain cancer.

The consolidated entity's in-house research has previously demonstrated that Patrys' molecules can be combined with the consolidated entity's nanoparticles and remain biofunctional. As a result, both Imagion and Patrys have jointly expanded the collaboration through an engagement with The University of Sydney. This research collaboration was setup with the aim of further exploring the potential for a MagSense® imaging agent to detect brain cancers using the University of Sydney's expertise in models of Glioblastoma Multiforme. The companies expect to report on the progress of these studies in the first half of 2024.

MagSense® Pancreatic Cancer Program

In August 2023, a Memorandum of Understanding (MOU) was executed with Prestige Biopharma, a biopharmaceutical company specializing in innovative antibody therapies. Together, Imagion and Prestige Biopharma will jointly pursue the development of the world's first non-invasive early detection diagnosis and staging platform for pancreatic cancer. Combining MagSense® molecular MRI and Prestige Biopharma's PAUF-based antibody drug, PBP1510, the partnership aims to accelerate accurate diagnosis and therapeutic intervention. The MOU covers preclinical feasibility research that should be completed in the short-term. Should the research produce favourable results, both companies may then agree to expand the collaboration to further advance the technologies.

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Imagion Biosystems Limited
Preliminary Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2023



| | 2023 | 2022 |
|--|---------------------|---------------------|
| | \$ | \$ |
| Revenue | | |
| Revenue and other income | 1,645,247 | 569,959 |
| Research & development tax incentives | 3,534,075 | 2,500,966 |
| | 5,179,322 | 3,070,925 |
| Operating Expenses | | |
| Research & development expenses | (5,250,592) | (3,615,851) |
| Employment expenses | (6,239,698) | (4,863,506) |
| Professional fees | (1,888,224) | (1,037,811) |
| General expenses | (1,693,223) | (1,423,984) |
| Share based payments expense | (462,715) | (653,059) |
| Depreciation expense | (1,183,247) | (1,108,183) |
| Foreign exchange gain/(loss) | (11,995) | (1,412) |
| Fair value movement of derivatives | (1,147,011) | - |
| Finance costs | (367,968) | (174,327) |
| | (18,244,672) | (12,878,133) |
| Loss before income tax expense | (13,065,350) | (9,807,208) |
| Income tax expense (benefit) | - | - |
| Loss after Income Tax Expense | (13,065,350) | (9,807,208) |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Foreign currency translation reserve | 42,157 | 523,566 |
| Income tax relating to these items | - | - |
| Other comprehensive income/(loss), net of tax | 42,157 | 523,566 |
| Total comprehensive Income (loss) for the year Attributable to the Owners of Imagion Biosystems Limited | (13,023,193) | (9,283,642) |
| | Cents | Cents |
| Basic earnings (loss) per share | (0.4286) | (0.3480) |
| Diluted earnings (loss) per share | (0.4286) | (0.3480) |

These financial statements should be read in conjunction with the accompanying notes.

Imagion Biosystems Limited
Preliminary Consolidated Statement of Financial Position
As at 31 December 2023



| | Note | 2023 \$ | 2022 \$ |
|--------------------------------------|------|--------------------|------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 227,084 | 4,446,102 |
| Trade and other receivables | | 73,686 | 92,463 |
| Other current assets | | 300,610 | 449,985 |
| Total Current Assets | | 601,380 | 4,988,550 |
| Non-Current Assets | | | |
| Property, plant and equipment | | 736,401 | 703,276 |
| Right-of-use assets | | 3,248,491 | 4,283,796 |
| Total Non-Current Assets | | 3,984,892 | 4,987,072 |
| Total Assets | | 4,586,272 | 9,975,622 |
| Current Liabilities | | | |
| Trade and other payables | 2 | 2,006,292 | 436,788 |
| Lease liabilities | | 1,095,646 | 1,041,051 |
| Borrowings | 3 | 2,450,000 | - |
| Employee benefits | | 37,852 | 175,032 |
| Other liabilities | | 85,544 | 80,033 |
| Total Current Liabilities | | 5,675,334 | 1,732,904 |
| Non-Current Liabilities | | | |
| Lease liabilities | | 2,492,700 | 3,563,318 |
| Borrowings | 3 | 1,100,000 | - |
| Employee benefits | | 3,694 | 1,904 |
| Total Non-Current Liabilities | | 3,596,394 | 3,565,222 |
| Total Liabilities | | 9,271,728 | 5,298,126 |
| Net Assets / (Liabilities) | | (4,685,456) | 4,677,496 |
| Equity | | | |
| Issued capital | 4 | 59,305,923 | 56,830,408 |
| Reserves | 5 | 4,915,433 | 3,688,550 |
| Accumulated losses | | (68,906,812) | (55,841,462) |
| Total Equity | | (4,685,456) | 4,677,496 |

These financial statements should be read in conjunction with the accompanying notes.

Imagion Biosystems Limited
Preliminary Consolidated Statement of Changes in Equity
For the year ended 31 December 2023



| | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|---|-------------------------|------------------|-----------------------------|--------------------|
| Balance as at 1 January 2022 | 56,827,608 | 2,511,925 | (46,034,254) | 13,305,279 |
| Loss after income tax | - | - | (9,807,208) | (9,807,208) |
| Other comprehensive income/(loss) after tax | - | 523,566 | - | 523,566 |
| Total comprehensive income/(loss) | - | 523,566 | (9,807,208) | (9,283,642) |
| <i>Transactions with owners in their capacity as owners</i> | | | | |
| Contributions of equity | 2,800 | - | - | 2,800 |
| Costs of contributions of equity | - | - | - | - |
| Transfer from reserves | - | - | - | - |
| Share based payments | - | 653,059 | - | 653,059 |
| Balance as at 31 December 2022 | 56,830,408 | 3,688,550 | (55,841,462) | 4,677,496 |
| | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
| Balance as at 1 January 2023 | 56,830,408 | 3,688,550 | (55,841,462) | 4,677,496 |
| Loss after income tax | - | - | (13,065,350) | (13,065,350) |
| Other comprehensive income/(loss) after tax | - | 42,157 | - | 42,157 |
| Total comprehensive income/(loss) | - | 42,157 | (13,065,350) | (13,023,193) |
| <i>Transactions with owners in their capacity as owners</i> | | | | |
| Contributions of equity | 2,757,815 | - | - | 2,757,815 |
| Costs of contributions of equity | (282,300) | - | - | (282,300) |
| Transfer from reserves | - | - | - | - |
| Share based payments | - | 1,184,726 | - | 1,184,726 |
| Balance as at 31 December 2023 | 59,305,923 | 4,915,433 | (68,906,812) | (4,685,456) |

These financial statements should be read in conjunction with the accompanying notes.

Imagion Biosystems Limited
Preliminary Consolidated Statement of Cash Flows
For the year ended 31 December 2023



| | Note | 2023 \$ | 2022 \$ |
|--|------|--------------------|--------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers (inc of sales and other taxes) | | 1,317,162 | 473,337 |
| Payments to suppliers and employees (inc of sales and other taxes) | | (13,083,506) | (10,934,165) |
| Interest received | | 62,776 | 29,827 |
| Interest and other finance costs paid | | (146,471) | (166,179) |
| Government grants and tax incentives | | 3,534,075 | 2,522,966 |
| Net cash outflow from operating activities | | (8,315,964) | (8,074,214) |
| Cash Flows from Investing Activities | | | |
| Payment for property, plant and equipment | | (190,379) | (507,315) |
| Proceeds from / (payment for) other assets (security deposits) | | - | 38,588 |
| Net cash outflow from investing activities | | (190,379) | (468,727) |
| Cash Flows from Financing Activities | | | |
| Proceeds from the issue of shares | | 2,382,815 | - |
| Proceeds from the issue of convertible notes | | 3,500,000 | - |
| Proceeds from the exercise of options | | - | 2,759 |
| Transaction costs in relation to financing activities | | (619,330) | - |
| Repayment of borrowings | | (971,924) | (964,820) |
| Net cash inflow from financing activities | | 4,291,561 | (962,061) |
| Net increase (decrease) in cash and cash equivalents | | (4,214,782) | (9,505,002) |
| Cash and cash equivalents at start of year | | 4,446,102 | 13,393,768 |
| Effects of exchange rate changes on cash and cash equivalents | | (4,236) | 557,336 |
| Cash and cash equivalents at end of year | | 227,084 | 4,446,102 |

These financial statements should be read in conjunction with the accompanying notes.

1 Significant accounting policies

These consolidated financial statements cover Imagion Biosystems Limited and its controlled entities. Imagion Biosystems Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were issued for release by the board of directors on 29 February 2024.

These preliminary financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with previous filings including the annual report for the year ended 31 December 2022 and any public announcements made by the Company in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going Concern

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

As disclosed in the preliminary financial statements, the consolidated entity incurred a loss of \$13,065,350 and had net cash outflows from operating activities of \$8,315,964 for the year ended 31 December 2023. As at that date, the consolidated entity had net current liabilities of \$5,073,954 and net liabilities of \$4,685,456. The consolidated entity is still in the product development phase recording minimal sales revenue, consequently, it is dependent on external funding to cover ongoing product development and has forecast losses for the next financial year.

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

The Directors have prepared the preliminary financial statements for the consolidated entity on a going concern basis after consideration of the following factors:

- The consolidated entity is working with its two key nanoparticle customers to provide additional revenue. Any nanoparticle revenue will be utilised for employee costs, infrastructure costs and other costs associated with the manufacture of nanoparticles;
- The consolidated entity has historically received some cost relief through the receipt of research & development income tax incentives and the directors expect this to continue including receipt of the 2023 incentive anticipated to be received in the second quarter of 2024 with an approximate value of \$0.4 million. These funds will be partially utilised to repay severance remuneration payable;
- The consolidated entity is continuing to explore financing options and strategic partnerships with the aim of realising value in relation to its technology that could be utilised to reduce liabilities; and
- The consolidated entity can also negotiate with creditors in relation to any outcomes of financing or strategic partnership options that may eventuate.

In the event that the above factors are not achieved in the near term, and should additional funding not be available to meet working capital requirements, there would be material uncertainty as to whether the consolidated entity would continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The directors will continue to monitor the basis for preparation of the financial statements on a going concern basis prior to lodgement of the consolidated entity's Annual Report due on 31 March 2024.

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

1 Significant accounting policies (continued)

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.

Share Based Payments

The consolidated entity operates an equity settled share based payment employee incentive scheme. The fair value of the equity to which employees became entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

The cost of transactions settled by share based payments is measured at the fair value of the equity instrument at the date of the issue, using an appropriate market based valuation model.

2 Trade and other payables

| | 2023 | 2022 |
|--------------------------------|------------------|----------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 1,590,171 | 325,063 |
| Severance remuneration payable | 219,298 | - |
| Other payables and accruals | 196,823 | 111,725 |
| | <u>2,006,292</u> | <u>436,788</u> |

Severance remuneration payable relates to redundancy that occurred in September 2023. The consolidated entity and the former employee have agreed that this will be paid out of proceeds' from the consolidated entity's research and development tax incentive in respect of 2023.

3 Borrowings

| | 2023 | 2022 |
|--------------------|-------------|-------------|
| | \$ | \$ |
| Current | | |
| Convertible notes | 2,450,000 | - |
| Non-current | | |
| Convertible notes | 1,100,000 | - |

On 7 March 2023 the consolidated entity announced a funding package of up to \$15 million with Mercer Street Global Opportunity Fund, LLC, a New York based investment fund (Mercer). In addition to issuing share capital and options (refer to notes 4 and 5), the consolidated entity issued the following financial liabilities:

- On 21 March 2023, raised \$1,500,000 through the issue of 1,650,000 convertible notes. Each convertible note has a floor price of \$0.50 and expires on 20 September 2024.
- On 1 June 2023, raised \$1,000,000 through the issue of 1,100,000 convertible notes. Each convertible note has a floor price of \$0.50 and expires on 30 November 2024.
- On 25 August 2023, raised \$1,000,000 through the issue of 1,100,000 convertible notes. Each convertible note has a floor price of \$0.50 and expires on 25 February 2025.

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3 Borrowings (continued)

As at 31 December 2023 the available balance of the Mercer facility was \$11.5 million. This can be drawn by the consolidated entity, subject to mutual agreement with Mercer and the consolidated entity having sufficient placement capacity under the ASX Listing Rules or obtaining shareholder approval to issue the relevant securities. The floor price is \$0.50 per convertible note and given the consolidated entity's current share price is trading significantly below this it is unlikely that the consolidated entity will be able to draw on this facility under the current conditions.

All of the convertible notes have the following features:

- Face value of \$1.00 at a subscription price of \$0.90909;
- No interest is payable on unconverted drawn funds;
- The conversion price is 90% of the lowest VWAP during the 15 trading days immediately prior to issuing the relevant conversion notice;
- Each convertible note provides Mercer with the option to convert the notes into ordinary shares. If Mercer does not convert the convertible notes by the relevant maturity dates (18 months from issue date), the consolidated entity is required to repay Mercer the face value of the notes; and
- The consolidated entity has the option to repay the convertible notes prior to the relevant maturity dates at 105% of the outstanding face value. At that time Mercer has the right to convert up to 30% of any outstanding face value prior to settlement.

The host financial liability has been recognised at the full amount payable with no embedded derivate being recognised. This is due to the consolidated entity's current share price trading significantly lower than the floor price of \$0.50 per convertible note meaning the likelihood of conversion by Mercer is minimal.

Security

The consolidated entity, via entering into a general security deed, has granted Mercer Street Global Opportunity Fund, LLC a first ranking security against any present and after-acquired secured property and revolving assets.

4 Issued capital

| | 2023 Shares | 2022 Shares | 2023 \$ | 2022 \$ |
|----------------------------------|----------------|----------------|------------|------------|
| Ordinary shares - fully paid (a) | 32,646,551 | 1,121,318,534 | 59,305,923 | 56,830,408 |

Movements in ordinary share capital - 6 months to 30 June 2021

| Details | Date | Shares | Issue Price | \$ |
|-------------------------------------|---------------|-----------------|-------------|------------|
| Opening balance | 1-Jan-23 | 1,121,318,534 | - | 56,830,408 |
| Issue of shares (Mercer shares) | (b) 21-Mar-23 | 22,058,824 | 0.017 | 375,000 |
| Issue of shares (entitlement offer) | (c) 21-Apr-23 | 24,288,420 | 0.017 | 412,903 |
| Issue of shares (entitlement offer) | (c) 14-Jul-23 | 115,878,572 | 0.017 | 1,969,912 |
| Costs of issue (entitlement offer) | Various | - | - | (282,300) |
| Issue of shares (Mercer conversion) | 21-Jul-23 | 22,222,222 | - | - |
| Impact of 40:1 share consolidation | 14-Nov-23 | (1,273,120,021) | - | - |
| Closing balance | 31-Dec-23 | 32,646,551 | | 59,305,923 |

(a) Share consolidation

On 14 November 2023 shareholders approved a 40 to 1 consolidation of the consolidated entity's shares. If this had of been in effect as at 31 December 2022 comparative shares on issue would have been 28,032,963.

4 Issued capital (continued)

- (b) Mercer share placements
In relation to Mercer entering into the funding package (refer note 3) they were issued with 22,058,824 ordinary shares at a deemed issue price of \$0.017 cents per share.
- (c) Entitlement offer
On 7 March 2023 the consolidated entity announced a non-renounceable entitlement offer to raise \$2,382,838 through the offer of one new ordinary share for every eight shares held. \$412,903 was raised from existing shareholders and the shortfall on \$1,969,935 was placed during the year.

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.

Listed options

As part of a renounceable rights issue (in April 2020) the Company issued listed options. In April 2020 'IBXOA options' were issued with an exercise price of \$0.03. IBXOA options expired on 28 April 2023. No options were converted during the half-year.

5 Reserves

| | 2023 | 2022 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Foreign currency translation reserve | 919,252 | 877,095 |
| Share based payment reserve | 3,996,181 | 2,811,455 |
| | <u>4,915,433</u> | <u>3,688,550</u> |

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share based payment reserve

As detailed in note 3, the consolidated entity entered into a funding agreement with Mercer Street Global Opportunity Fund, LLC (Mercer) during the half-year. As consideration for Mercer entering into the agreement with the consolidated entity, the following securities were issued to Mercer for nil consideration (all adjusted to reflect the 40:1 share consolidation:

- On 21 March 2023, the consolidated entity issued 353,474 three-year options for ordinary shares at an exercise price of \$1.496;
- On 26 May 2023, the consolidated entity issued 699,897 three-year options for ordinary shares at an exercise price of \$1.496;
- On 1 June 2023, the consolidated entity issued 702,248 three-year options for ordinary shares at an exercise price of \$1.496; and
- On 25 August 2023, the consolidated entity issued 1,164,597 three-year options for ordinary shares at an exercise price of \$0.90.

The issue of the above options with a value of \$722,011 has been incorporated into the share based payment reserve.

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6 Commitments

The consolidated entity had no commitments as at 31 December 2023 (2022: \$336,327).

7 Contingent liabilities

As of 31 December 2023, the Company was not party to any material litigation, claims or suit whose outcome could have a material effect on the financial statements (2022: Nil).

8 Operating segments

Identification of reporting operating segments

The consolidated entity is organised into one operating segment being Research & Development. This operating segment is based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources).

8 Operating segments (continued)

Geographical information

The consolidated entity has non-current assets and derives revenue in two geographical areas as outlined below:

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| <i>Geographical location of non-current assets</i> | | |
| Property, plant and equipment | | |
| United States of America | 734,712 | 700,740 |
| Australia | 1,689 | 2,536 |
| | <u>736,401</u> | <u>703,276</u> |
| Right-of-use assets | | |
| United States of America | 3,248,491 | 4,283,796 |
| Australia | - | - |
| | <u>3,248,491</u> | <u>4,283,796</u> |
| | | |
| | 2023 | 2022 |
| | \$ | \$ |
| <i>Geographical derivation of revenue</i> | | |
| Revenue and other income | | |
| United States of America | 1,580,199 | 520,205 |
| Australia | 65,048 | 49,754 |
| | <u>1,645,247</u> | <u>569,959</u> |

9 Events after the reporting period

On 15 January 2024 the consolidated entity's former CEO, Dr Isaac Bright, resigned with immediate effect. Mr Bob Proulx, the consolidated entity's executive chairman has assumed CEO duties on an interim basis.

In February 2024 the consolidated entity further reduced operating expenses through further staff reductions and has taken steps to reduce other operating costs going forward. The skillset of the remaining six employees within the consolidated entity are related to nanoparticle manufacturing capabilities, key research and development knowledge and finance and company secretarial duties.

The consolidated entity has received a further \$0.5 million of nanoparticle revenue in the first two months of 2024, these funds have been used to remunerate staff and to meet essential business expenses. As at the date of this report no material further revenues have been secured. The consolidated entity is in discussions with its largest nanoparticle customer and will notify the ASX on the outcome of these negotiations in the near term.

Given the lack of liquidity and staff reductions the consolidated entity has paused all other research and development activities including proceeding towards an IND filing for its MagSense HER2 Breast Cancer program.