

PharmAust Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	PharmAust Limited
ABN:	35 094 006 023
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

	30 June 2024	30 June 2023	Change	Change
	\$	\$	\$	%
Revenues from ordinary activities	866,181	949,576	(83,395)	(9%)
(Loss) from ordinary activities after tax attributable to the owners of PharmAust Limited	(7,673,153)	(6,211,560)	(1,461,593)	24%
(Loss) for the year attributable to the owners of PharmAust Limited	(7,673,153)	(6,211,560)	(1,461,593)	24%

Dividends

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

Operating Results

The loss for the consolidated entity after providing for income tax amounted to \$7,673,153 (30 June 2023: \$6,211,560).

Financial Position

The net assets of the consolidated entity were \$10,228,243 as at 30 June 2024 (30 June 2023: \$3,889,135).

3. Significant Changes in State of Affairs

A review of events during the reporting period can be found in the review of operations.

	30 June 2024	30 June 2023
	Cents	Cents
Net tangible assets per ordinary security	2.30	0.53

4. Control gained over entities

The consolidated entity did not gain control over any entity.

5. Loss of control over entities

Name of entities (or group of entities)	Epichem Pty Ltd Epichem OHD Pty Ltd
Date control lost	31 July 2023

6. Dividends

Current period

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

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Previous period

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

7. Details of associates and joint venture entities

The company has no associates or joint venture entities.

8. Status of Audit

The 30 June 2024 financial report and accompanying notes for PharmAust Limited have been audited and attached to the Appendix 4E.

9. Attachments

Details of attachments (if any):

The Annual Report of PharmAust Limited for the year ended 30 June 2024 is attached.

10. Signed



Signed _____

Date: 30 August 2024

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PharmAust Limited

ABN 35 094 006 023

Annual Report - 30 June 2024

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PharmAust Limited
Corporate directory
30 June 2024

Directors	Mr Sergio Duchini (Non-Executive Chairman) Dr Michael Thurn (Managing Director and Chief Executive Officer) Mr Marcus Hughes (Non-Executive Director) Dr Katie MacFarlane (Non-Executive Director)
Company secretary	Mr Stefan Ross
Registered office and Principal place of business	Level 4 96-100 Albert Road South Melbourne VIC 3205 Tel: +61 3 9692 7222
Share register	Computershare Investor Services Pty Limited Level 11, 172 St George's Terrace Perth, Western Australia 6000
Auditor	RSM Australia Partners Level 32 Exchange Tower 2 The Esplanade Perth, Western Australia 6000
Stock exchange listing	PharmAust Ltd shares are listed on the Australian Securities Exchange (ASX code: PAA) Australian Securities Exchange Central Park 152-158 St Georges Terrace Perth, Western Australia 6000

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PharmAust Limited

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PharmAust Limited
Chairman's letter
30 June 2024

Dear Shareholder,

On behalf of the Board of Directors, it is my privilege to present PharmAust Limited's Annual Report for the 2024 (FY24) Financial Year.

FY24 has been a transformative year for our company, marked by strategic realignment, significant clinical advancements with our lead investigational product, monepantel (MPL), engagement with the world's key drug regulatory body, the United States (US) Food and Drug Administration (FDA), new institutional investment and robust financial support from our existing shareholders.

MPL has demonstrated substantial potential in treating Amyotrophic Lateral Sclerosis (ALS), the most common form of motor neurone disease. A pivotal moment this year was the successful completion of our Phase 1 MEND Study in December 2023, which delivered very promising safety and preliminary efficacy results.

Notably, the Phase 1 MEND study indicated that when compared to matched controls from the PRO-ACT natural history database, MPL slowed the progression of disease by 39%. These findings were independently presented by Berry Consultants at the European Network to Cure ALS (ENCALS) annual meeting in Stockholm, the premier European ALS conference.

Building on the success of the Phase 1 MEND study, we commenced the Open-Label Extension (OLE) Study, which reached full enrolment by Q4 FY24. Conducted at Calvary Health Care Bethlehem in Melbourne and Macquarie University in Sydney, this study allows patients who completed the Phase 1 MEND Study to continue to receive benefit from treatment with MPL. The OLE study will provide important long-term safety and efficacy data, important in determining MPL's potential as a viable treatment for ALS.

In May, the US FDA granted PharmAust Orphan Drug Designation (ODD) for MPL for the treatment of ALS. The ODD entitles PharmAust to receive greater support and guidance from the US FDA and provides important financial incentives such as tax credits, grants, and seven years of market exclusivity, significantly enhancing MPL's commercial potential.

Our focus has shifted to the design of our pivotal registration adaptive Phase 2/3 clinical trial. Following a successful Pre-Investigational New Drug (IND) meeting with the US FDA earlier in the year we have a clear understanding of critical design features for this study to ensure we can be considered for accelerated approval.

After the year end, MPL was accepted into the prestigious HEALEY ALS Platform Trial (HEALEY) conducted by the Massachusetts General Hospital in partnership with the Northeast ALS (NEALS) consortium in the US. Inclusion in the HEALEY trial provides independent validation by global ALS experts of MPL's potential as an ALS treatment. The innovative platform trial is a large-scale collaboration across 70+ clinical sites in the US to evaluate several drug candidates simultaneously. MPL's inclusion in this trial is a significant step towards FDA approval, enhances PharmAust's visibility within the ALS research community and is a critical advancement in our mission to offer a viable treatment for ALS. This inclusion not only enhances patient access but also reduces study costs and accelerates timelines, underscoring our commitment to advancing MPL through the clinical pipeline. The trial is set to commence in the second half of CY 2024.

PharmAust has been active in presenting our clinical results and progress at key global and domestic symposiums, engaging with patient communities and stakeholders. In addition to our presence at the ENCALS annual meeting, we participated in the 34th International Symposium on ALS/MND in Basel and the 2nd Australian and New Zealand MND Research Symposium in Wollongong.

Parallel to our clinical achievements, we have made significant strides in our manufacturing capabilities, ensuring a consistent and high-quality supply of MPL for our clinical trial programs and laying the foundations towards supporting regulatory approval and ultimately a successful and timely product launch. These developments reflect our growing confidence in MPL and have prompted a thorough review of our operations.

The refreshed Board determined in May 2024 that the optimal path to creating strong shareholder returns lies in strategically focusing on the development and commercialisation of MPL for ALS. Consequently, our other programs in veterinary products and oncology have been deprioritised.

MPL's unique mechanism of action, as a potent and safe inhibitor of the mTOR pathway—central to neuronal degeneration—also opens a range of future possibilities for PharmAust, including potential applications in Parkinson's disease, Huntington disease and Alzheimer's disease.

Our refreshed strategy positions PharmAust to capitalise on the significant opportunities within the neurodegenerative disease market, projected to grow from USD 55.12 billion in 2024 to USD 77.82 billion by 2029. To support this strategy, we further strengthened our Board with the addition of new members who bring extensive experience in governance, finance, pharmaceutical drug development, and commercialisation.

PharmAust Limited
Chairman's letter
30 June 2024

During FY24, we welcomed Mr. Marcus Hughes, an experienced ASX-listed tax and finance director, and Dr. Katie MacFarlane, a US pharmaceutical executive, as Non-executive Directors. I was honoured to join PharmAust as Non-executive Chairman, and we were pleased to appoint Dr. Michael Thurn, our Chief Executive Officer, to the Board as Managing Director.

The new Board has undertaken a full root and branch review of the organisation. We have reviewed and reset our finance function, our investor relationship and marketing advisors, Company Secretarial support and legal advisors. The review extended to a complete governance review and reset, to ensure full compliance with Corporations Law, ASX listing requirements and industry best practice. We engaged independent external remuneration experts to undertake a complete review and benchmarking of Executive and Non-Executive Director remuneration, including short- and long-term executive incentives. Our purpose was to ensure our remuneration framework was aligned to our purpose, to our strategy, to delivering shareholder value, and is transparent and simplified. The new remuneration framework will be detailed to all Shareholders at the Annual General Meeting (AGM).

We extend our sincere thanks to departing Board members Dr. Roger Aston, Mr. Robert Bishop, Dr. Thomas Duthy, Mr Neville Bassett and Mr. Sam Wright for their valuable contributions during their tenures.

Our strategic realignment has been met with strong support from our shareholders, enabling us to raise approximately \$A22M via an institutional placement and Share Purchase Plan (SPP) during the financial year to advance our pre-clinical and clinical development and commercial strategy for MPL. On behalf of the Board and management team, I extend our deepest gratitude to our shareholders for their unwavering support and welcome new institutional and sophisticated investors to our journey.

FY24 has been a year of remarkable progress and strategic refinement for PharmAust. We are confident that our focused approach, combined with the significant clinical advancements in MPL, positions us to become a leader in the development of treatments for neurodegenerative diseases.

As we look ahead, the coming year promises to be exciting as we initiate the HEALEY trial with MPL and report further results from the OLE Study. We look forward to continuing this journey together and will keep you updated on our progress.

Yours sincerely,



Sergio Duchini
Chairman, PharmAust Limited

PharmAust Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of PharmAust Ltd (referred to hereafter as the 'Company' or 'parent entity' or 'PharmAust') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

Mr Sergio Duchini	Non-Executive Chairman (appointed on 17 May 2024)
Dr Michael Thurn	Managing Director and Chief Executive Officer (appointed as Chief Executive Officer (CEO) on 1 September 2023, resigned as CEO on 23 April 2024 and re-appointed as Managing Director and CEO on 31 May 2024)
Mr Marcus Hughes	Non-Executive Director (appointed on 9 May 2024)
Dr Katie MacFarlane	Non-Executive Director (appointed on 17 June 2024)
Dr Roger Aston	Executive Chairman (resigned on 9 May 2024)
Robert Bishop	Executive Director (resigned on 9 May 2024)
Sam Wright	Non-Executive Director & Company Secretary (appointed as interim Chairman on 9 May 2024 and resigned as Director and Company Secretary on 16 May 2024)
Neville Basset	Non-Executive Director (resigned on 13 May 2024)
Mr John Clark	Chief Operating Officer (appointed as Managing Director on 9 May 2024 and ceased his role as Managing Director on 31 May 2024, transitioning to the role of Chief Operating Officer (COO) on 31 May 2024, upon Dr Michael Thurn's appointment as the new CEO and Managing Director)

Principal activities

The principal continuing activities constituted by PharmAust Limited and the entities it controlled during the year were to develop its own drug discovery intellectual property for the treatment of different types of cancers and neurological diseases.

Operating Results

The results of the consolidated entity for the year ended 30 June 2024 was a loss, after income tax expense of \$7,673,153 (30 June 2023: loss of \$6,211,560).

Financial Position

The net assets of the consolidated entity were \$10,228,243 as at 30 June 2024 (30 June 2023: \$3,889,135).

Dividends

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

Review of operations

PharmAust is a clinical-stage biotechnology company developing therapeutics for neurodegenerative diseases. It is focused on developing Monepantel (MPL) for the treatment of amyotrophic lateral sclerosis (ALS), the major form of motor neurone disease (MND).

MPL has been shown to have a positive effect on the clearance of intracellular pathological proteins associated with the development of ALS. It works by increasing the recycling and removal of excessive, aggregated or abnormal proteins through a universal cellular process known as autophagy, leading to a reduction in the amount of neuroaxonal damage.

During the financial year, PharmAust engaged with the United States (US) Food and Drug Administration regarding the development pathway for MPL to achieve regulatory approval via a Pre-Investigational New Drug (IND) meeting and was successful in being granted an Orphan Drug Designation (ODD) from the US FDA. These achievements were anchored by the positive safety and preliminary efficacy results in the Phase 1 MEND study in patients with ALS. These encouraging results prompted the company to strategically focus its resources on a single pivotal registration Phase 2/3 study in ALS to further advance the development of MPL towards accelerated approval.

PharmAust Limited is listed on the Australian Securities Exchange (ASX Code: PAA).

Clinical Trials and Research Milestones

FDA Outlines Accelerated Approval Pathway for Monepantel for ALS

After a productive Pre-IND meeting with the US FDA in February, the Company now has a clear path toward accelerated

and/or full approval for MPL in treating ALS. The FDA gave positive feedback on PharmAust's proposed accelerated development program for MPL. They provided specific guidance on non-clinical and clinical pharmacology, clinical chemistry, and manufacturing controls. Notably, the FDA indicated that the proposed adaptive Phase 2/3 clinical study, based on the HEALEY ALS Platform Trial master protocol, could support accelerated approval of MPL if it shows substantial effectiveness and an adequate safety profile.

Encouraging Results from the Phase 1 MEND Study

The Phase 1 MEND Study was successfully completed in December 2023, with positive results reported for safety and preliminary efficacy of MPL in treating ALS. The study was funded by FightMND, an Australian charity devoted to finding effective treatments and ultimately a cure for MND.

The study data showed that changes in ALS Functional Rating Scale-Revised (ALSFRS-R) scores for all 12 patients were not significantly different from baseline over 8 – 12 months treatment period, suggesting MPL slowed the rate of disease progression. This finding was supported by comparing patients treated with MPL to untreated matched-controls from the Pooled Resource Open-Access ALS Clinical Trials (PRO-ACT) natural history database. Treatment with MPL slowed the rate of disease progression by 39%, when compared to their untreated matched-controls. In addition, a survival probability analysis indicated that the probability of all 12 patients surviving without treatment with MPL are less than 0.1% (1 in 1,000) compared to their untreated matched-controls.

These promising results were independently presented by Berry Consultants at the European Network to Cure ALS (ENCALS) annual meeting in Stockholm in June 2024. The ENCALs meeting, is the largest and most significant ALS conference in Europe. Berry Consultants highlighted the substantial survival benefit and reduced disease progression in patients treated with MPL, reinforcing the potential impact of MPL may have on the ALS therapeutic landscape.

Open-Label Extension (OLE) Study

Following the successful completion of the Phase 1 MEND study, all 12 patients opted to continue treatment with MPL under a compassionate-use program and then invited to participate in a 12-month Open-Label Extension (OLE) Study at Calvary Health Care Bethlehem in Melbourne and Macquarie University in Sydney. Both sites received Human Research Ethics Committee approval for the OLE in early 2024, and the study was fully enrolled by the end of the financial year.

The OLE study enables the collection of long-term safety and efficacy data, further validating the potential of MPL as a treatment for ALS. The study aims to provide crucial insights into the sustained benefits of MPL in prolonging patient survival and improving quality of life, building on the promising results observed in the initial Phase 1 study.

Updated survival data was reported in May for the OLE study. The analysis showed a statistically significant survival benefit for patients treated with MPL compared to their untreated matched-controls from the PRO-ACT database for patients with ALS. Treatment with MPL significantly ($p=0.0022$) reduced the risk of death by 91% when compared to PRO-ACT matched-controls.

The study is ongoing and expects to report further survival data in late August 2024.

Selection for the HEALEY ALS Platform Trial

The strong clinical results demonstrated in the Phase 1 MEND study led to the selection of MPL for inclusion in the prestigious HEALEY ALS Platform Trial, providing independent validation of MPL's potential as an ALS treatment. The HEALEY ALS Platform Trial, a large-scale collaboration across 70+ clinical sites in the US, offers increased patient access, reduced study costs, and shorter study completion timelines.

The MPL regimen of the HEALEY ALS Platform Trial is expected to commence enrolment in late 2024. Importantly, data from this single pivotal study could potentially lead to accelerated approval with the US FDA for MPL for the treatment of ALS in 2026.

Orphan Drug Designation

The request for ODD for MPL for the treatment of ALS was granted by the US FDA in May 2024, providing significant financial incentives, including tax credits and grants, and seven years of market exclusivity upon approval. These benefits significantly enhance the commercial potential of MPL. Additionally, PharmAust plans to submit an Orphan Medicinal Product Designation (OMPD) application to the European Medicines Agency (EMA) in FY25 to secure further regulatory and financial advantages in Europe.

European Medicines Agency (EMA) SME Status

In June 2024, PharmAust was granted Small and Medium-Sized Enterprise (SME) status by the EMA. This status entitles the company to receive regulatory fee incentives and additional support from the EMA, streamlining regulatory engagement and

PharmAust Limited
Directors' report
30 June 2024

advancing MPL's development for the treatment of neurodegenerative diseases.

Manufacturing

PharmAust has continued to advance its manufacturing capabilities to support the development and commercialization of MPL. Significant progress was made in the GMP manufacture campaign, with an engineering batch currently in progress. These efforts are critical to ensure a consistent and high-quality supply of MPL for both clinical trials and future market needs. The manufacturing process involves collaboration with several key partners, including Syngene International Ltd, a contract research, development, and manufacturing organization, and Catalent, a contract development and manufacturing organization (CDMO). These partnerships are essential in ensuring that MPL is produced to the highest standards required for clinical and commercial use.

Focused & Refreshed Strategy

Following the encouraging results from the Phase 1 MEND study, PharmAust strategically narrowed its focus and resources to concentrate on the development and commercialisation of MPL for the treatment of ALS and other neurodegenerative diseases. The program in veterinary oncology has subsequently been deprioritised.

This shift is supported by MPL's mechanism of action which involves turning on the natural cellular "cleaning process" known as autophagy by inhibiting the intracellular mTOR pathway. This mechanism of action opens the potential to pursue other neurodegenerative diseases, such as Parkinson's disease and Alzheimer's disease, in addition to ALS.

Leadership Enhancements

To implement this refreshed strategy, the company made several key changes to the Board with the appointment of Mr Sergio Duchini as Non-Executive Chairman, Mr Marcus Hughes and Dr Katie MacFarlane as Non-Executive Directors, and Dr Michael Thurn as Managing Director. Key executive leadership appointments were also made during the financial year, including Mr. John Clark as Chief Operating Officer, Dr. Nicky Wallis as Chief Scientific Officer, Dr. Herbert Brinkman as Head of Manufacturing, Dr. Carol Worth as Chemistry, Manufacturing, and Controls (CMC) Operations Manager, and Mr. Paul Field as Business Development Advisor. Additionally, experienced ASX-listed Company Secretary, Mr. Stefan Ross, joined the team.

The company's headquarters were relocated to Melbourne to enhance operational efficiency and collaboration between the Board and management team.

Scientific Advisory Board

PharmAust formed its Scientific Advisory Board (SAB) during the year to provide strategic guidance on the development of MPL. The SAB members are internationally renowned experts in the fields and bring extensive experience in the development, regulation, and commercialisation of neurodegenerative products. The SAB includes Dr Sabrina Paganoni, co-Director of the Neurological Clinical Research Institute at the Massachusetts General Hospital and co-Principal Investigator of the HEALEY ALS Platform Trial; Prof Leonard van den Berg, Professor of Neurology at the University Medical Center Utrecht and Chairman of the European Network to Cure ALS (ENCALS); Dr Melanie Quintana, Director at Berry Consultants and lead statistical consultant to the HEALEY ALS Platform Trial; and Dr Christian Freitag, previously Chief Medical Officer at Dynacure and Azafaros, and the Medical Monitor on the Phase 1 MEND study.

Strengthened Balance Sheet

PharmAust conducted a number of successful capital raising activities throughout FY24, which are detailed in Note 16 of the Financial Statements. Subsequent to year end, the Company also completed a successful Share Purchase Plan which exceeded expectations, raising a \$7.8million.

As a result, PharmAust ended the financial year with a strong cash balance of \$9.71 million at 30 June 2024, plus \$1,011,554 in term deposits with a term to maturity of greater than 3 months.

Conclusion

FY24 was a transformative year for PharmAust, marked by significant regulatory progress, clinical trial advancements, strategic leadership changes, and robust support from shareholders. The company is well-positioned to become a world leader in developing MPL as an innovative treatment for ALS and potentially other neurodegenerative diseases.

Risks and uncertainties

PharmAust is subject to risks that are specific to the Group and its business activities, as well as general risks. Following are the significant risks and uncertainties relevant for current reporting period.

Future funding risks

Whilst the Group has a cash and cash equivalents balance of \$9,714,109 plus \$1,011,554 in term deposits with a term to maturity of greater than 3 months, and net assets of \$10,228,243 and is able to continue on a going concern basis, there is risk that the Group may require substantial additional financing in the future to sufficiently fund the continued research, development and commercialisation of its products. As the Group is still in the R&D phase of activities it has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. Management are confident that they can reduce the level of expenditure in order to retain appropriate cash balances. Management remains very diligent in its ongoing monitoring of cash balances day by day.

PharmAust's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason PharmAust was unable to raise future funds, its ability to achieve its milestones or continue future development / commercialisation of its products would be significantly affected. The Directors regularly review the spending pattern and ability to raise additional funding to ensure PharmAust's ability to generate sufficient cash inflows to settle its creditors and other liabilities. In addition, PharmAust is eligible for certain government grants and R&D tax incentive payments.

Commercialisation of key monepantel drug candidate

The Company's future success depends in part on its ability to commercialise its key drug candidate, monepantel (MPL) as a therapeutic including in treating neurodegenerative diseases in humans, and any subsequent commercialisation of this drug candidate. Commercialisation of this and any other products may be reliant on the ability of the Company to effectively collaborate with a larger pharmaceutical or healthcare company, and the ability of the Company or collaborator to obtain access and reimbursement for MPL. No assurances can be given of the successful development and commercialisation of products that are being developed.

Products derived from PharmAust's research and development may be subject to numerous government regulatory approvals and controls throughout the world and these will affect both the timing and cost of bringing these products to the market. These risks are more likely when associated with early stage clinical products. Before obtaining regulatory approval for a product for a target indication, substantial evidence must be gathered in well-controlled clinical trials and, with respect to approval in the USA, to the satisfaction of the FDA that the product candidate is safe and effective for use for that target indication. Similar satisfaction must be achieved from specific regulatory authorities in every other country in which the product will be made available. The results from the preclinical and clinical trials completed for PharmAust's product candidates may not be replicated in future trials, or sufficient safety and efficacy may not be demonstrated to the extent required to obtain the requisite regulatory approvals for any product candidate.

A key risk is that associated with PharmAust's strategy for FDA registration which requires trials that demonstrate efficacy and safety according to FDA issued guidance for new ALS therapeutics. Successful Phase 2/3 clinical trials demonstrating safety and efficacy will be required for the Company to obtain FDA approval of monepantel for marketing in the USA. Such trials can be expensive, time consuming and are subject to the risks of failure inherent in drug development such as delays in trial recruitment, failure to meet efficacy and safety end points, changes in trial protocol or changes in regulatory requirements. Additionally, such trials may be halted or delayed by the FDA or the relevant institutional review board.

The Company will also require marketing approval for monepantel by the EMA and the Australian Therapeutic Goods Administration before it may be sold in Europe and Australia, respectively. Marketing approval will also be required by similar government regulatory agencies in other countries in which the product may be made available. There is no guarantee that the Company will receive marketing approval for monepantel or for future products that it may develop.

Delays or failures in obtaining regulatory approval for monepantel will be likely to have a serious adverse effect on the value of the Company and have a consequent impact on its financial performance.

Even following receipt of regulatory approval for monepantel, potentially costly follow-up or post-marketing clinical trials may be required as a condition of approval to further substantiate safety or efficacy, or to investigate specific issues of interest to the relevant regulatory authority. Monepantel will also be subject to ongoing FDA requirements governing the labelling, packaging, storage, advertising, promotion, including the FDA's general prohibition against promoting products for unapproved or "off-label" uses, recordkeeping and submission of safety and other post-market information.

Dependence on service providers and third-party collaborators

There is no guarantee that PharmAust will be able to find suitable third-party providers and third-party collaborators including academic institutions to complete the development and commercialisation of its products. PharmAust is therefore exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, and collaborative agreements may be terminable by PharmAust's partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of PharmAust's product development efforts, financial

condition and results of operations.

PharmAust monitors commercial developments and engages proactively with key stakeholders to manage this risk.

Reliance on key personnel

PharmAust's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of PharmAust. PharmAust maintains a mixture of permanent staff and expert consultants to advance its programs and ensure access to multiple skill sets. PharmAust, through the Board reviews remunerations to human resources regularly.

Inability to protect intellectual property

PharmAust's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual property including maintaining patent protection for its product candidates and their respective targets and any improvements to it. A failure or inability to protect PharmAust's intellectual property rights could have an adverse impact on operating and financial performance.

Securing and protecting rights to intellectual property, and in particular to patents, is an integral part of securing potential product value arising out of the Company's key product. The Company's success depends in part, on its ability to obtain patents, protect trade secrets and operate without infringing third parties' proprietary rights.

The granting of a patent does not guarantee that the rights of other parties are not infringed or that competitors will not develop competing intellectual property that circumvents the patents. In addition, there can be no assurance that any patents that the Company may own or control or licence now, or in the future, will afford the Company commercially significant protection of its intellectual property or its projects or have commercial application.

Competition in obtaining, retaining and maintaining protection of intellectual property and the complex nature of intellectual property rights can also lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

The Company has intellectual property rights to the use of MPL including for the treatment of neurodegenerative diseases in humans.

The prospect of attaining patent protection for products such as those PharmAust proposes to develop is highly uncertain and involves complex and continually evolving factual and legal questions. PharmAust may incur significant costs in prosecuting or defending its intellectual property rights.

PharmAust proactively monitors applications and renewals of patents and licences; and requires relevant stakeholders to comply with the requirements set out in the confidentiality policy.

Clinical validation, regulatory and licensing risks

A core component of the Company's strategy is the commercialisation and registration of existing and potentially new related products for the treatment of neurodegenerative diseases. Successful trials will be required in order for the Company to gain regulatory approval and continue on the commercialisation pathway for its products.

The Company is required to seek regulatory approval to proceed through each phase or stage of the development of the products. Additionally, ethical body approval may be required. Due to the inherent uncertainty involved in obtaining such regulatory approval, there is a risk that the Company's products may not satisfy the requirements for relevant approval, or that the approval process takes longer than expected and therefore delays commercialisation.

The research, development, manufacture and sale of products based on PharmAust's technology is subject to a number of regulations prescribed by government authorities in Australia and overseas. Generally, there is a high rate of failure for products for the treatment of neurodegenerative diseases proceeding through pre-clinical and clinical trials. Further, even if the Group views the results of a trial to be positive, the FDA or other regulatory authorities may disagree with the Group's interpretation of the data. Thus, any product based on PharmAust's technology may be shown to be unsafe, non-efficacious, difficult or impossible to manufacture on a large scale, uneconomical to market, compete with superior products marketed by third parties, fail to secure meaningful reimbursement approval, or not be as attractive as alternative treatments. PharmAust monitors legislative and regulatory developments and engages proactively with key stakeholders to manage this risk.

IT system failure and cyber security risks

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

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PharmAust is committed to preventing and reducing cyber security risks through outsourcing the IT management to a reputable services provider.

Future product development

The Company faces a number of product related risks inherent in the development of its new drug for clinical markets. These range from clinical trial risk as noted above, an active market to support the development of new products as well as distribution and manufacturing risk.

The success of projects and product commercialisation depends on partnering with collaborators interested in the Company's products and the appointment and co-operation of distributors to market and sell products to target segments. Although arrangements can be confirmed in agreements and undertakings given for the completion of work to be done and activities to perform, there is a risk that the performance of distributors and the delivery of contracted outcomes by collaborators will not occur due to a range of unforeseen factors relating to environment, technology, counterparty risk and market conditions.

Competition in development of products

The Company faces competition in the development of treatment products, which may include organisations with greater capital resources and expertise. The ability of a current or new competitor to introduce an improved product may adversely impact on the Company's financial performance. Such competition and new technologies can have the effect of rendering costly research and development obsolete, decreasing the financial value of products or research projects and reducing pricing and profit margins.

Product liability risk

The Company's business of development of treatment products exposes it to potential product liability claims. The Company may seek to obtain adequate product liability insurance at the appropriate time in order to minimise its liability to such claims however there can be no assurance that adequate insurance coverage will be available at an acceptable cost. If the Company is unable to obtain sufficient product liability insurance then claims of this nature may adversely affect the Company's profitability.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted including human trials. However, it is not always possible to cost-effectively insure against all risks associated with such activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

Legal proceedings

Legal proceedings may arise from time to time in the course of the Company's business. There are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

Significant changes in the state of affairs

On 31 July 2023, the consolidated entity put Epichem Pty Limited (EPC) into voluntary liquidation, as a result, the Group lost control of EPC.

On 28 August 2023, the Company announced the appointment of Dr Michael Thurn, PhD, as Chief Executive Officer (CEO) effective on 1 September 2023.

On 22 December 2023 and 2 January 2024, the Company issued a total of 35,361,257 shares at \$0.1 (10 cents) per share, raised \$3,536,126, before cost, and 23,574,175 listed options with an exercise price of \$0.15 (15 cents) per option and expiry date of 30 April 2026 to institutional and sophisticated investors upon completion of a placement.

On 19 January 2024, the Company issued 1,125,000 Performance Rights to John Clark under the Employee Incentive Plan.

On 19 January 2024, the Company issued 1,000,000 options to Dr Michael Thurn and 250,000 options to John Clark (Exercise Price of 17.5 cents and expiry date 19 January 2026).

**PharmAust Ltd
Directors' report
30 June 2024**

On 5 February 2024, the Company appointed Dr Thomas Duthy as the Non-Executive Director, who subsequently resigned on 9 May 2024.

Between 6 February and 30 June 2024, 5,833,138 ordinary shares at \$0.15 (15 cents) per share were issued by the Company from exercise of PAAOA options.

On 23 April 2024, Dr Michael Thurn was resigned as Chief Executive Officer of the Company and the Company appointed Mr John Clark as the interim Chief Executive Officer.

On 9 May 2024, Dr Roger Aston and Mr Robert Bishop resigned as Executive Chairman and Executive Director; Mr Sam Wright was appointed as the interim Chairman; Mr John Clark was appointed as Managing Director; and Mr Marcus Hughes was appointed as Non-Executive Director of the Company.

On 13 May 2024, Mr Neville Bassett AM resigned as the Non-Executive Director of the Company.

On 16 May 2024, Mr Sam Wright resigned as the Non-Executive Director, interim Chairman and Company Secretary of the Company.

On 17 May 2024, the Company appointed Mr Sergio Duchini as Non-Executive Chairman.

On 24 May 2024, the Company appointed Mr Stefan Ross as the Company Secretary.

On 31 May 2024, the Company reappointed Dr Michael Thurn as the Managing Director and Chief Executive Officer and Dr Nicky Wallis as Chief Scientific Officer.

On 31 May 2024, Mr John Clark stepped down as the Managing Director of the Company and transited to Chief Operating Officer.

On 17 June 2024, the Company appointed Dr Katie Macfarlane as Non-Executive Director.

On 28 June 2024, the Company issued 47,961,498 at \$0.19 (19 cents) per shares and raised \$9,112,685, before cost from a placement.

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

Matters subsequent to the end of the financial year

On 25 July 2024, the Company issued 41,095,506 ordinary shares at \$0.19 (19 cents) per share, upon completion of a Share Purchase Plan and raised \$7.8 million.

On 30 July 2024, the Company issued 100,000 ordinary shares as a result of listed options being exercised at an exercise price of \$0.15.

No other matter or circumstance has arisen since 30 June 2024 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.

Future Developments

In the opinion of the Directors disclosure of information regarding likely developments in the Company's operations and the expected results of those operations in subsequent financial years could prejudice the Company's interests. Accordingly, this information has not been included in this report.

Environmental regulation

The consolidated entity is subject to a range of environmental regulation. During the year, the consolidated entity met all reporting requirements under any relevant legislation. There were no incidents which required reporting.

Information on directors

Name: Mr Sergio Duchini
Title: Non-Executive Chairman
Experience and expertise: Mr Duchini brings over a decade of board-level experience with expertise spanning professional services, life sciences, biotechnology, banking, finance, and the not-for-profit sector. His extensive background includes roles such as Chair, Executive and Non-Executive Board Director, Risk & Audit Committee Chair, and Chief Strategy Officer.

Currently, Mr Duchini serves as a Non-Executive Director and Chair of the Audit Committee at Enlitic Inc., a US company focused on leveraging artificial intelligence to enhance workflow and patient outcomes in radiology. Additionally, he holds the position of Chair at Lymphoma Australia, a leading not-for-profit organization supporting lymphoma patients and their caregivers in Australia.

Mr Duchini has been appointed as a member of the Research and Development Tax Incentive Committee that works to advise Innovation and Science Australia on the operation and impact of the R&DTI in Australia and Member of Medicines Australia Advisory Council. The role of the Medicines Australia Council is to support the Medicines Australia Board's role in shaping strategy and maintaining appropriate continuity of direction. The council is future-focused and provides the board with advice on trends and issues impacting the pharmaceutical industry in the medium to long term.

Mr Duchini has previously sat on the AusBiotech Board of Directors for nine years, where he played a pivotal role in the development of two national life science industry strategies. He also served as a Board Director at Deloitte Australia, overseeing the governance, strategy development, and stewardship of the partnership with annual revenues of \$2.2 billion.

Mr Duchini's executive experience includes 23 years at Deloitte Australia where he held multiple senior positions as an equity partner, including 8 years on the Deloitte Australia Board. He advised Australian and international groups to manage their investments in R&D nationally and internationally, developed and executed the national tax strategy, and led senior cross-disciplinary teams serving prominent clients such as National Australia Bank, ANZ Bank, and Australia Post.

Other current directorships: Enlitic Inc (ASX: ENL)
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: Nil
Interests in options: Nil
Interests in rights: Nil
Contractual rights to shares: Nil

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PharmAust Limited
Directors' report
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Name: Dr Michael Thurn
 Title: Managing Director and Chief Executive Officer
 Experience and expertise: Dr Michael Thurn brings broad experience in drug discovery, development, regulation and commercialisation, acquired through leadership roles in research organisations and industry, including early-stage, fastgrowing, private and publicly listed biotechnology companies. His previous responsibilities have included leading a variety of US Food and Drug Administration (FDA) Investigational New Drug (IND) applications across a range of therapeutic areas and the evaluation of drugs and vaccines for registration in Australia as a part of the Drug Safety Evaluation Branch (DSEB) of the Therapeutics Goods Administration (TGA). Michael has also been responsible for the execution of Phase 1 and 2 clinical trials and business development activities across animal and human health products. He possesses strong entrepreneurial, leadership and management skills that have seen him achieve outstanding results over a 25 year career in the biotechnology industry, including co-founding MARP Therapeutics and roles with Botanix Pharmaceuticals (ASX:BOT), Mimetica, Spinifex Pharmaceuticals, Cytopia, Xenome and Novogen. During this time, Dr Thurn has gained Australian and US capital markets exposure and has successfully accessed funding through private and public channels, partnerships, and non-dilutive means.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: None
 Interests in shares: 2,557,895 fully paid ordinary shares
 Interests in options: 500,000 listed options (PAAOA) exercisable at \$0.15 (15 cents) each, expiring 30 April 2026
 1,000,000 unlisted options, exercisable at \$0.175 (17.5 cents) each, expiring 19 January 2026
 Interests in rights: Nil
 Contractual rights to shares: Nil

Name: Mr Marcus Hughes
 Title: Non-Executive Director
 Experience and expertise: Mr Hughes brings more than 20 years' experience with listed companies. He possesses extensive corporate finance experience, having led project financing and capital raisings in the industrial sector. He has held senior managerial, tax and finance roles with multi-national companies including Lend Lease, Fortescue Metals and Rio Tinto.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: None
 Direct interests in shares: 9,312,500 fully paid ordinary shares
 Indirect interest in shares: 2,509,790 fully paid ordinary shares
 Interests in options: Nil
 Interests in rights: Nil
 Contractual rights to shares: Nil

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PharmAust Limited
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Name: Dr Katie MacFarlane
Title: Non-Executive Director
Experience and expertise: Dr Katie MacFarlane has over 30 years of experience in the development and commercialisation of pharmaceutical products and devices. She is the Founder and President of SmartPharma, a commercial and strategic consulting firm that specialises in market and product assessments, market sizing and forecasting, pre-launch preparation and launch and marketing of pharmaceutical products for biopharmaceutical companies. Katie also currently is the Head of Commercial for Arkayli Biopharma, a startup developing a treatment for a rare pediatric disease. Previously, she was Chief Commercial Officer at Agile Therapeutics, Vice President of Marketing, Sales and New Product Planning at Warner Chilcott, and Senior Director of Marketing at Parke-Davis (now Pfizer). Dr MacFarlane is a member of the Board of Directors of Mayne Pharmaceuticals, an affiliate faculty member of the Purdue University School of Pharmacy and a Founding Member and Advisor to IPhO. She previously served on the Board of Directors for RespireRx and a nonprofit, INMED Partnerships for Children. She has a Bachelor of Science and Doctor of Pharmacy from Purdue University and completed a Postdoctoral Fellowship with Rutgers University and Hoffmann-LaRoche.

Other current directorships: Mayne Pharma Group Limited (ASX: MYX)
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: Nil
Interests in options: Nil
Interests in rights: Nil
Contractual rights to shares: Nil

Name: Dr Roger Aston
Title: Executive Chairman (resigned 9 May 2024)
Experience and expertise: Dr Aston served as Chief Executive Officer of Mayne Pharma Group until 15 February 2012. During his career, he has been closely involved in start-up companies and major pharmaceutical companies. Aspects of his experience include FDA and EU product registration, clinical trials, global licensing agreements, fundraising through private placements, and a network of contacts within the pharmaceutical, banking and stock broking sectors. Dr Aston is both a scientist and seasoned biotechnology entrepreneur, with a successful track record in both fields. Dr Aston holds a B.Sc. (Hons) and Ph.D. degrees from the University of Manchester from 1975 to 1981.

Other current directorships: Not applicable as no longer a Director
Former directorships (last 3 years): Not applicable as no longer a Director
Special responsibilities: Not applicable as no longer a Director
Interests in shares: Not applicable as no longer a Director
Interests in options: Not applicable as no longer a Director
Interests in rights: Not applicable as no longer a Director
Contractual rights to shares: Not applicable as no longer a Director

Name: Mr Robert Bishop
Title: Executive Director (resigned 9 May 2024)
Experience and expertise: Mr Bishop has 35 years' experience in corporate finance and equity capital markets. Having worked extensively in London and Sydney, first as a lawyer at Linklaters & Paines and Allen, Allen & Hemsley; and then as a stockbroker and investment banker at Ord Minnett, Robert Fleming and, since 1998, at his Sydney based corporate finance business, First Capital Markets. He has extensive experience in the areas of stock market flotation's, licensing and compliance work.

Other current directorships: Not applicable as no longer a Director
Former directorships (last 3 years): Not applicable as no longer a Director
Special responsibilities: Not applicable as no longer a Director
Interests in shares: Not applicable as no longer a Director
Interests in options: Not applicable as no longer a Director
Interests in rights: Not applicable as no longer a Director
Contractual rights to shares: Not applicable as no longer a Director

**PharmAust Limited
Directors' report
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Name: Mr Sam Wright
Title: Non-Executive Director & Company Secretary (appointed as interim Chairman on 9 May 2024 and resigned as Director and Company Secretary on 16 May 2024)
Experience and expertise: Sam Wright has twenty years' experience in the administration of ASX listed companies, corporate governance and corporate finance. He is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia.

Mr Wright is the Managing Director of Perth-based corporate advisory firm Straight Lines Consultancy, specialising in the provision of corporate services to public companies.

Mr Wright has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, and shareholder relations with both retail and institutional investors.

Other current directorships: Not applicable as no longer a Director
Former directorships (last 3 years): Not applicable as no longer a Director
Special responsibilities: Not applicable as no longer a Director
Interests in shares: Not applicable as no longer a Director
Interests in options: Not applicable as no longer a Director
Interests in rights: Not applicable as no longer a Director
Contractual rights to shares: Not applicable as no longer a Director

Name: Mr Neville Bassett
Title: Non-Executive Director (resigned on 13 May 2024)
Experience and expertise: Mr Bassett has spent more than 35 years working in accounting, finance and stockbroking. During that time, he has had considerable involvement in Australian financial markets including numerous public Company listings and capital raisings, as well as mergers and acquisitions.

In 1991, he became a Director/Councillor of the Royal Flying Doctor Service (RFDS) in WA and he was Chairman of RFDS Western Operations for eight years until his retirement in 2017. He also served six years as Western Operations representative on the Board of the Australian Council of the Royal Flying Doctor Service of Australia. In 2015, Mr Bassett's decades of unwavering dedication to community service were recognised when he was awarded a Member of the Order of Australia (AM) in the Australia Day Honours.

Other current directorships: Not applicable as no longer a Director
Former directorships (last 3 years): Not applicable as no longer a Director
Special responsibilities: Not applicable as no longer a Director
Interests in shares: Not applicable as no longer a Director
Interests in options: Not applicable as no longer a Director
Interests in rights: Not applicable as no longer a Director
Contractual rights to shares: Not applicable as no longer a Director

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**PharmAust Limited
Directors' report
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Name: Mr John Clark
 Title: Managing Director (appointed 9 May 2024 to 31 May 2024) Chief Operating Officer (COO) from 31 May 2024
 Experience and expertise: Mr Clark has more than 20 years of pharmaceutical industry experience in phase 1-4 clinical trials across numerous therapeutic areas and multiple geographical regions. Before joining PharmAust, he served as Senior Project Manager at a Global CRO, leading the Clinical Operations team and providing crossfunctional oversight on a national CNS trial. Before that, Mr Clark held various clinical operations leadership roles responsible for implementing clinical programs. He has a proven project management and stakeholder engagement record, with a thorough knowledge of ICH-GCP and regulatory requirements.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: None
 Interests in shares: 625,000 fully paid ordinary shares
 Interests in options: 250,000 unlisted options, exercisable at \$0.175 (17.5 cents) each, expiring 19 January 2026
 Interests in rights: 500,000 performance rights

Name: Dr Thomas Duthy
 Title: Non-Executive Director (appointed 5 February 2024 to 9 May 2024)
 Experience and expertise: Dr Duthy has over 19 years of direct financial market and executive level/Board experience with ASX-listed companies. He is a Director and Founder of Nemean Group, which provides corporate advisory and investor relations (IR) services in the Life Sciences and Technology sectors. This has included an IR/Corporate Development consultancy role with Nova Eye Medical (ASX:EYE), during which time a \$100 million all-cash sale of its Lasers & Ultrasound business was completed with a subsequent \$61 million on return made to shareholders. In addition, Dr Duthy was IR lead for Limeade Inc. (ASX:LME) which was acquired for \$112 million in cash (325% premium) by WebMD Health Services (NASDAQ: WBMD) in August 2023.

Prior to this Dr Duthy was the former Head of Corporate Development and IR at Sirtex Medical (ASX:SRX), which was acquired for \$1.9 billion in cash in September 2018 and remains the largest medical device acquisition in Australian corporate history.

Other current directorships: Not applicable as no longer a Director
 Former directorships (last 3 years): Not applicable as no longer a Director
 Special responsibilities: Not applicable as no longer a Director
 Interests in shares: Not applicable as no longer a Director
 Interests in options: Not applicable as no longer a Director
 Interests in rights: Not applicable as no longer a Director
 Contractual rights to shares: Not applicable as no longer a Director

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

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

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PharmAust Ltd
Directors' report
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Company secretary

Mr Stefan Ross BBus (Acc)

Mr Ross has over 10 years of experience in accounting and secretarial services for ASX listed companies. His extensive experience includes ASX compliance, corporate governance control and implementation, statutory financial reporting, shareholder meeting requirements, capital raising management, and board and secretarial support. Stefan has a Bachelor of Business majoring in Accounting.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director is set out below. In addition to the formal board meetings held during the year, regular executive meetings were held on a fortnightly basis throughout the year.

	Remuneration		Board Meeting	
	Committee Meeting Attended	Held	Attended	Held
Mr Sergio Duchini ⁽¹⁾	-	-	1	1
Dr Michael Thurn ⁽²⁾	-	-	2	2
Mr Marcus Hughes ⁽³⁾	-	-	1	1
Dr Katie MacFarlane ⁽⁴⁾	-	-	1	1
Mr John Clark ⁽⁵⁾	-	-	-	-
Dr Roger Aston ⁽⁶⁾	1	1	1	3
Mr Neville Bassett ⁽⁷⁾	1	1	3	3
Mr Robert Bishop ⁽⁶⁾	1	1	1	3
Mr Sam Wright ⁽⁸⁾	1	1	3	3
Dr Thomas Duthy ⁽⁹⁾	-	-	-	2

(1) Mr Sergio Duchini was appointed as Non-Executive Chairman on 17 May 2024.

(2) Dr Michael Thurn was appointed as Chief Executive Officer (CEO) on 1 September 2023, resigned as CEO on 23 April 2024 and was re-appointed as CEO and Managing Director on 31 May 2024.

(3) Mr Marcus Hughes was appointed as a Director on 9 May 2024.

(4) Dr Katie MacFarlane was appointed as a Director on 17 June 2024.

(5) Mr John Clark was appointed as Managing Director on 9 May 2024 and ceased his role as Managing Director on 31 May 2024, transitioning to the role of Chief Operating Officer (COO) on 31 May 2024, upon Dr Michael Thurn's appointment as the new CEO and Managing Director.

(6) Dr Roger Aston and Mr Robert Bishop resigned as Director's on 9 May 2024.

(7) Mr Neville Basset resigned as a Director on 13 May 2024.

(8) Mr Sam Wright resigned as Director and Company Secretary on 16 May 2024.

(9) Mr Thomas Duthy was appointed as a Director on 1 February 2024 and resigned as a Director on 9 May 2024.

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details 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.

This report details the nature and amount of remuneration for each director and executive of PharmAust Limited.

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

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

Principles used to determine the nature and amount of remuneration

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

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

The Board is currently responsible for determining and reviewing remuneration arrangements for its directors and executives. The Board has adopted a Remuneration Committee Charter, however given the current size of the Board, this function is fulfilled by the Board at the current time. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

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

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

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

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

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

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. 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 the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The Non-Executive Director Pool is \$300,000 and represents the maximum aggregate payments to Non-Executive Directors, in their capacity as Directors, that can be paid in any one year without requiring additional shareholder approval.

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

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

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

Executives are issued with equity instruments as LTI's (Long Term Incentives) in a manner that aligns this element of remuneration with the creation of shareholder wealth. LTI grants are made to Executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the creation of shareholder wealth.

Consolidated entity performance and link to remuneration

Equity instruments may be issued to employees, and upon performance review based on performance of the individual and the company both in absolute terms and relative to competitors in the Company's industry sector. Equity instruments that are issued for performance are subject to performance targets set and approved by the Board.

Use of remuneration consultants

The Company engages the services of independent and specialist remuneration consultants from time to time to benchmark the remuneration of Directors and Key Management Personnel, and to assist the Company in ensuring that its remuneration arrangements remain competitive. In Q4 2024, the Company initiated a process to review the remuneration of Directors and Key Management Personnel in relation to FY25 remuneration. No remuneration consultants were engaged for the year ended 30 June 2023.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 93.85% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Details of the nature and amount of each element of remuneration of each 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 other key management personnel:

PharmAust Limited
Directors' report
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Directors

Mr Sergio Duchini
Dr Michael Thurn

Mr Marcus Hughes
Dr Katie MacFarlane
Dr Roger Aston
Mr Neville Bassett
Mr Robert Bishop
Mr Sam Wright

Dr Thomas Duthy

Non-Executive Chairman (appointed on 17 May 2024)
Managing Director and Chief Executive Officer (appointed as Chief Executive Officer (CEO) on 1 September 2023, resigned as CEO on 23 April 2024 and re-appointed as Managing Director and CEO on 31 May 2024)
Non-Executive Director (appointed on 9 May 2024)
Non-Executive Director (appointed on 17 June 2024)
Executive Chairman (resigned on 9 May 2024)
Non-Executive Director (resigned on 13 May 2024)
Executive Director (resigned on 9 May 2024)
Non-Executive Director & Company Secretary (appointed as interim Chairman on 9 May 2024 and resigned as Director and Company Secretary on 16 May 2024)
Non-Executive Director (appointed on 5 February 2024 and resigned on 9 May 2024)

Other Key Management Personnel

Mr John Clark

Dr Nicky Wallis
Ms Fiona Milner

Chief Operating Officer (appointed as Managing Director on 9 May 2024 and ceased his role as Managing Director on 31 May 2024, transitioning to the role of Chief Operating Officer (COO) on 31 May 2024, upon Dr Michael Thurn's appointment as the new CEO and Managing Director)
Chief Scientific Officer (appointed on 31 May 2024)
General Manager – Epichem Pty Ltd (resigned 28 July 2023)

Amounts of remuneration

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

	Short-term benefits		Post-employment benefits		Share-based payments Options & Performance Rights	Total
	Salary & Fees	Cash Bonus	Superannuation	Long service leave		
30 June 2024	\$	\$	\$	\$	\$	\$
Directors:						
Mr Sergio Duchini ⁽¹⁾	9,375	-	-	-	-	9,375
Mr Marcus Hughes ⁽²⁾	10,795	-	-	-	-	10,795
Dr Katie MacFarlane ⁽³⁾	3,125	-	-	-	-	3,125
Dr Roger Aston ⁽⁴⁾	123,269	-	12,185	-	-	135,454
Mr Neville Bassett ⁽⁵⁾	37,043	-	-	-	-	37,043
Mr Robert Bishop ⁽⁴⁾	95,959	-	9,675	-	-	105,634
Mr Sam Wright ⁽⁶⁾	165,500	-	-	-	-	165,500
Dr Thomas Duthy ⁽⁷⁾	12,836	-	-	-	-	12,836
Managing Director and CEO:						
Dr Michael Thurn ⁽⁸⁾	288,281	-	28,165	434	98,227	415,107
Other Key Management Personnel:						
Mr John Clark ⁽⁹⁾	67,943	-	6,547	184	78,907	153,581
Dr Nicky Wallis ⁽¹⁰⁾	23,832	-	2,292	32	-	26,156
Ms Fiona Milner ⁽¹¹⁾	24,946	-	1,746	-	-	26,692
	862,904	-	60,610	650	177,134	1,101,298

PharmAust Limited
Directors' report
30 June 2024

- (1) Dr Sergio Duchini was appointed as Non-Executive Chairman on 17 May 2024. Dr Duchini received his remuneration through Arbitrium Advisory (an entity associated with him).
- (2) Mr Marcus Hughes was appointed as a Director on 9 May 2024.
- (3) Dr Katie MacFarlane was appointed as a Director on 17 June 2024. Prior to her appointment as a Director, Dr MacFarlane provided a consulting services related to the provision of market research services between October and December 2023. This consulting work amount to approximately \$99,000.
- (4) Dr Roger Aston and Mr Robert Bishop resigned as Director's on 9 May 2024. Annual leave and long service leave entitlements are measured on an accrual basis and reflects the net movement in the entitlements over the year. Negative movement indicates leave taken that exceeds leave accrued during the year. Unused leave balances are paid out when the employment agreement ceases.
- (5) Mr Neville Basset resigned as a Director on 13 May 2024. Mr Bassett received his remuneration through Mandevilla Pty Ltd (an entity associated with him).
- (6) Mr Sam Wright resigned as Director and Company Secretary on 16 May 2024. Mr Wright received his remuneration through Straight Lines Consultancy Pty Ltd (an entity associated with him).
- (7) Mr Thomas Duthy was appointed as a Director on 1 February 2024 and resigned as a Director on 9 May 2024.
- (8) Dr Michael Thurn was appointed as Chief Executive Officer (CEO) on 1 September 2023, resigned as CEO on 23 April 2024 and was re-appointed as CEO and Managing Director on 31 May 2024.
- (9) Mr John Clark was appointed as Managing Director on 9 May 2024 and ceased his role as Managing Director on 31 May 2024, transitioning to the role of Chief Operating Officer (COO) on 31 May 2024, upon Dr Michael Thurn's appointment as the new CEO and Managing Director.
- (10) Dr Nicky Wallis was appointed as Chief Scientific Officer (CSO) on 31 May 2024 and commenced being a member of key management personnel.
- (11) Ms Fiona Milner (former General Manager – Epichem Pty Ltd) resigned on 28 July 2023 and ceased being a member of key management personnel.

	Short-term benefits		Post-employment benefits	Share-based payments	Total
	Salary and Fees	Cash bonus	Superannuation	Options & Performance Rights	
30 June 2023	\$	\$	\$	\$	\$
Directors:					
Roger Aston	260,000	-	27,300	-	287,300
Robert Bishop	128,000	-	13,440	-	141,440
Sam Wright ***	138,000	-	-	-	138,000
Neville Bassett	40,000	-	-	-	40,000
Other Key Management Personnel:					
Richard Mollard **	5,762	-	11,213	(92,508)	(75,533)
Fiona Milner *	191,943	-	20,154	-	212,097
	<u>763,705</u>	<u>-</u>	<u>72,107</u>	<u>(92,508)</u>	<u>743,304</u>

* Resigned on 28 July 2022

** Resigned on 6 July 2022, note in relation to non-market-based performance rights which have expired. Amounts recognised as at-risk key management personnel remuneration in previous years are reversed in accordance with AASB 2 *Share Based Payments*. Refer to note 30 for more information.

*** Remuneration paid to Sam Wright has included company secretarial fees of \$107,000 and corporate fees of \$21,500.

Note in relation to non-market-based performance rights which have expired. Amounts recognised as at-risk key management personnel remuneration in previous years are reversed in accordance with AASB 2 *Share Based Payments*. Refer to note 30 for more information.

PharmAust Limited
Directors' report
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The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Mr Sergio Duchini	100%	-	-	-	-	-
Mr Marcus Hughes	100%	-	-	-	-	-
Dr Katie MacFarlane	-	-	-	-	-	-
Dr Roger Aston	100%	100%	-	-	-	-
Mr Neville Bassett	100%	100%	-	-	-	-
Mr Robert Bishop	100%	100%	-	-	-	-
Mr Sam Wright	100%	100%	-	-	-	-
Dr Thomas Duthy	-	-	-	-	-	-

Executive Directors:

Dr Michael Thurn	76%	-	-	-	24%	-
------------------	-----	---	---	---	-----	---

Other Key Management

Personnel:

Mr John Clark	49%	-	-	-	51%	-
Dr Nicky Wallis	100%	-	-	-	-	-
Ms Fiona Milner	100%	100%	-	-	-	-
Mr Richard Mollard	-	100%	-	-	-	-

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 Michael Thurn (appointed on 1 September 2023, resigned on 23 April 2024 and reappointed 31 May 2024)
Title: Managing Director and Chief Executive Officer
Agreement commenced: 31 May 2024
Term of agreement: No fixed term. Ongoing until terminated by either party with four months written notice.
Details: Effective 31 May 2024, fixed remuneration of \$380,000 per annum (inclusive of superannuation). Dr Thurn may be eligible to earn a performance related short-term incentive calculated with respect to each completed Financial Year (STI). Any STI will be communicated to the Executive separately in writing. Dr Thurn may also be eligible to participate in the Company's long-term incentive (LTI) scheme. Any LTI will be communicated to the Executive separately in writing.

Name: Mr John Clark (appointed on 31 May 2024 as Chief Operating Officer)
Title: Chief Operating Officer (COO)
Agreement commenced: 31 May 2024
Term of agreement: No fixed term. Ongoing until terminated by either party with three months written notice.
Details: Effective 31 May 2024, fixed remuneration of \$330,000 per annum (inclusive of superannuation). Mr Clark may be eligible to earn a performance related short-term incentive calculated with respect to each completed Financial Year (STI). Any STI will be communicated to the Executive separately in writing. Mr Clark may also be eligible to participate in the Company's long-term incentive (LTI) scheme. Any LTI will be communicated to the Executive separately in writing.

PharmAust Limited
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30 June 2024

Name: Dr Nicky Wallis (appointed on 31 May 2024 as Chief Scientific Officer)
Title: Chief Scientific Officer (CSO)
Agreement commenced: 31 May 2024
Term of agreement: No fixed term. Ongoing until terminated by either party with three months written notice.
Details: Effective 31 May 2024, fixed remuneration of \$290,000 per annum (inclusive of superannuation). Dr Wallis may be eligible to earn a performance related short-term incentive calculated with respect to each completed Financial Year (STI). Any STI will be communicated to the Executive separately in writing. Dr Wallis may also be eligible to participate in the Company's long-term incentive (LTI) scheme. Any LTI will be communicated to the Executive separately in writing.

Share-based compensation

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
24/08/2023	08/09/2023	30/04/2026	\$0.1500	\$0.015
11/01/2024	19/01/2024	19/01/2026	\$0.1750	\$0.032
18/01/2024	19/01/2024	19/01/2026	\$0.1750	\$0.044

Options granted carry no dividend or voting rights.

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 2024 are set out below:

Name	Number of options granted during the year 30 June 2024	Number of options granted during the year 30 June 2023	Number of options vested during the year 30 June 2024	Number of options vested during the year 30 June 2023
Dr Michael Thurn	1,500,000	-	1,500,000	-
Mr John Clark	250,000	-	250,000	-

Performance rights

The terms and conditions of each grant of performance rights 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 conditions	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
24/08/2023	150,000 - The Executive is engaged as an employee for a continuous period of 3 months from the Commencement Date. Refer to note 30 to the financial statements.	31/12/2023	\$0.0000	\$0.079
24/08/2023	500,000 - Prior to 31 August 2025, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$50,000,000 for a	31/08/2025	\$0.0000	\$0.039

PharmAust Limited
Directors' report
30 June 2024

Grant date	Vesting conditions	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
24/08/2023	continuous period of 20 Trading Days on which Shares have actually traded. Refer to note 30 to the financial statements. 750,000 - Prior to 31 August 2025, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$75,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded. Refer to note 30 to the financial statements.	31/08/2025	\$0.0000	\$0.021
24/08/2023	1,000,000 - Prior to 31 August 2025, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$100,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded. Refer to note 30 to the financial statements.	31/08/2025	\$0.0000	\$0.011
18/01/2024	250,000 - Prior to 19 January 2026, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$75,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded. Refer to note 30 to the financial statements.	19/01/2026	\$0.0000	\$0.088
18/01/2024	375,000 - Prior to 19 January 2026, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$100,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded. Refer to note 30 to the financial statements.	19/01/2026	\$0.0000	\$0.062
18/01/2024	500,000 - Prior to 19 January 2026, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$125,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded. Subject to market capitalisation hurdles, Refer to note 28 to the financial statements.	19/01/2026	\$0.0000	\$0.045

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PharmAust Limited
Directors' report
30 June 2024

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Number of rights granted during the year 30 June 2024	Number of rights granted during the year 30 June 2023	Number of rights vested during the year 30 June 2024	Number of rights vested during the year 30 June 2023
Dr Michael Thurn	2,400,000	-	2,400,000	-
Mr John Clark	1,125,000	-	625,000	-

Additional information

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Revenue	866,181	949,576	4,510,705	3,671,645	4,123,411
Loss before income tax	(7,673,153)	(6,211,560)	(1,619,698)	(1,258,324)	(1,243,494)
Loss after income tax	(7,673,153)	(6,211,560)	(1,708,209)	(1,337,310)	(1,361,990)

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

	2024	2023	2022	2021	2020
Share price at financial year end (\$)	0.20	0.08	0.07	0.09	0.16
Basic earnings per share (cents per share)	(2.40)	(0.49)	(0.54)	(0.42)	(0.46)

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 No.	Received as part of remuneration No.	Additions No.	Disposals/ other No.	Balance at the end of the year No.
<u>Directors</u>					
Mr Sergio Duchini ⁽¹⁾	-	-	-	-	-
Dr Michael Thurn ⁽²⁾	-	-	2,400,000	-	2,400,000
Mr Marcus Hughes ⁽³⁾	-	-	11,506,500	-	11,506,500
Dr Katie MacFarlane ⁽⁴⁾	-	-	-	-	-
Dr Roger Aston ⁽⁵⁾	15,044,815	-	-	(15,044,815)	-
Mr Neville Bassett ⁽⁶⁾	7,000	-	500,000	(507,000)	-
Mr Robert Bishop ⁽⁵⁾	9,211,060	-	300,000	(9,511,060)	-
Mr Sam Wright ⁽⁷⁾	4,050,000	-	950,000	(5,000,000)	-
Dr Thomas Duthy ⁽⁸⁾	-	-	250,000	(250,000)	-
<u>Other Key Management Personnel</u>					
Mr John Clark ⁽⁹⁾	-	-	625,000	-	625,000
Dr Nicky Wallis ⁽¹⁰⁾	-	-	-	-	-
Ms Fiona Milner ⁽¹¹⁾	-	-	-	-	-
	<u>28,312,875</u>	<u>-</u>	<u>16,531,500</u>	<u>(30,312,875)</u>	<u>14,531,500</u>

PharmAust Limited
Directors' report
30 June 2024

Option holding

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

	Balance at the start of the year No.	Granted No.	Expired No.	other No.	Balance at the end of the year No.
<u>Directors</u>					
Mr Sergio Duchini ⁽¹⁾	-	-	-	-	-
Dr Michael Thurn ⁽²⁾	-	1,500,000	-	-	1,500,000
Mr Marcus Hughes ⁽³⁾	-	-	-	-	-
Dr Katie MacFarlane ⁽⁴⁾	-	-	-	-	-
Dr Roger Aston ⁽⁵⁾	3,649,904	3,649,904	(3,649,904)	(3,649,904)	-
Mr Neville Bassett ⁽⁶⁾	1,750	251,750	(1,750)	(251,750)	-
Mr Robert Bishop ⁽⁵⁾	2,302,766	2,452,766	(2,302,766)	(2,452,766)	-
Mr Sam Wright ⁽⁷⁾	875,000	1,425,000	(875,000)	(1,425,000)	-
Dr Thomas Duthy ⁽⁸⁾	-	166,667	-	(166,667)	-
<u>Other Key Management Personnel</u>					
Mr John Clark ⁽⁹⁾	-	250,000	-	-	250,000
Dr Nicky Wallis ⁽¹⁰⁾	-	-	-	-	-
Ms Fiona Milner ⁽¹¹⁾	-	-	-	-	-
	<u>6,829,420</u>	<u>9,696,087</u>	<u>(6,829,420)</u>	<u>(7,946,087)</u>	<u>1,750,000</u>

Performance rights holding

The number of performance rights 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 No.	Granted No.	Vested No.	Exercised No.	Balance at the end of the year No.
<u>Performance rights over ordinary shares</u>					
<u>Directors</u>					
Mr Sergio Duchini ⁽¹⁾	-	-	-	-	-
Dr Michael Thurn ⁽²⁾	-	2,400,000	-	(2,400,000)	-
Mr Marcus Hughes ⁽³⁾	-	-	-	-	-
Dr Katie MacFarlane ⁽⁴⁾	-	-	-	-	-
Dr Roger Aston ⁽⁵⁾	-	-	-	-	-
Mr Neville Bassett ⁽⁶⁾	-	-	-	-	-
Mr Robert Bishop ⁽⁵⁾	-	-	-	-	-
Mr Sam Wright ⁽⁷⁾	-	-	-	-	-
Dr Thomas Duthy ⁽⁸⁾	-	-	-	-	-
<u>Other Key Management Personnel</u>					
Mr John Clark ⁽⁹⁾	-	1,125,000	-	(625,000)	500,000
Dr Nicky Wallis ⁽¹⁰⁾	-	-	-	-	-
Ms Fiona Milner ⁽¹¹⁾	-	-	-	-	-
	<u>-</u>	<u>3,525,000</u>	<u>-</u>	<u>(3,025,000)</u>	<u>500,000</u>

PharmAust Limited
Directors' report
30 June 2024

- (1) Mr Sergio Duchini was appointed as Non-Executive Chairman on 17 May 2024.
- (2) Dr Michael Thurn was appointed as Chief Executive Officer (CEO) on 1 September 2023, resigned as CEO on 23 April 2024 and was re-appointed as CEO and Managing Director on 31 May 2024.
- (3) Mr Marcus Hughes was appointed as a Director on 9 May 2024.
- (4) Dr Katie MacFarlane was appointed as a Director on 17 June 2024.
- (5) Dr Roger Aston and Mr Robert Bishop resigned as Director's on 9 May 2024.
- (6) Mr Neville Bassett resigned as a Director on 13 May 2024.
- (7) Mr Sam Wright resigned as Director and Company Secretary on 16 May 2024.
- (8) Mr Thomas Duthy held 250,000 fully paid ordinary shares upon appointment as a Director on 1 February 2024 and resigned on 9 May 2024 with 250,000 fully paid ordinary shares. The table above reflects the net movement of these holdings during the period in other.
- (9) Mr John Clark was appointed as Managing Director on 9 May 2024 and ceased his role as Managing Director on 31 May 2024, transitioning to the role of Chief Operating Officer (COO) on 31 May 2024, upon Dr Michael Thurn's appointment as the new CEO and Managing Director.
- (10) Dr Nicky Wallis was appointed as Chief Scientific Officer (CSO) on 31 May 2024 and commenced being a member of key management personnel.
- (11) Ms Fiona Milner (former General Manager – Epichem Pty Ltd) resigned on 28 July 2023 and ceased being a member of key management personnel.

Other transactions with key management personnel and their related parties

There were no transactions with key management personnel and their related parties. All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Shares under option

	Expiry date	Exercise price	Number under option
Listed Options (PAAOA)	30 April 2026	\$0.1500	116,315,955
Unlisted Options	19 January 2026	\$0.1750	2,300,000
Unlisted Options	28 February 2026	\$0.1000	2,047,500
Unlisted Options	28 June 2026	\$0.3325	5,000,000
Unlisted Options	31 December 2025	\$0.1500	3,000,000
			128,663,455

Shares issued on the exercise of options

The following ordinary shares of PharmAust Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
30/06/2023	\$0.1500	907,575
15/12/2023	\$0.1500	4,346,547
22/12/2023	\$0.1500	110,000
02/01/2024	\$0.1500	469,016
09/11/2021	\$0.2000	3,724
30/06/2023	\$0.1000	682,500
02/01/2024	\$0.1500	1,000,000
15/01/2024	\$0.1750	450,000
30/07/2024	\$0.1500	100,000
		8,069,362

PharmAust Limited
Directors' report
30 June 2024

Shares under performance rights

Unissued ordinary shares of PharmAust Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
18/01/2024	19/01/2026	\$0.0000	500,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

The following ordinary shares of PharmAust Ltd were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
24/08/2023	\$0.0000	150,000
24/08/2023	\$0.0000	500,000
24/08/2023	\$0.0000	750,000
24/08/2023	\$0.0000	1,000,000
18/01/2024	\$0.0000	250,000
18/01/2024	\$0.0000	375,000
		<u>3,025,000</u>

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

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

PharmAust Limited
Directors' report
30 June 2024

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

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

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

Auditor's independence declaration

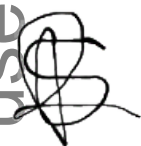
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

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

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

On behalf of the directors



Sergio Duchini
Non-Executive Chairman

30 August 2024

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of PharmAust Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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


RSM AUSTRALIA


AIK KONG TING
Partner

Perth, WA
Dated: 30 August 2024

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PharmAust Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
			*
Revenue			
Other income	5	866,181	949,576
Expenses			
Research and development expenses		(3,846,798)	(1,031,730)
Administration expenses		(1,696,949)	(900,198)
Share based payment expense		(369,232)	10,005
Employee benefits expense		(744,010)	(599,825)
Depreciation and amortisation expense		(1,641)	-
Impairment of intangible assets	12	(3,107,476)	-
Loss before income tax expense from continuing operations		(8,899,925)	(1,572,172)
Income tax expense	6	-	-
Loss after income tax expense from continuing operations		(8,899,925)	(1,572,172)
Profit/(loss) after income tax expense from discontinued operations	7	1,226,772	(4,639,388)
Loss after income tax expense for the year attributable to the owners of PharmAust Ltd		(7,673,153)	(6,211,560)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of PharmAust Ltd		<u>(7,673,153)</u>	<u>(6,211,560)</u>
Total comprehensive (loss) / profit for the year is attributable to:			
Continuing operations		(8,899,925)	(1,572,172)
Discontinued operations		1,226,772	(4,639,388)
Owners of PharmAust Ltd		<u>(7,673,153)</u>	<u>(6,211,560)</u>
		Cents	Cents
Losses per share from continuing operations attributable to the owners of PharmAust Ltd			
Basic losses per share	21	(2.40)	(0.49)
Diluted losses per share	21	(2.40)	(0.49)
Earnings/(losses) per share from discontinued operations attributable to the owners of PharmAust Ltd			
Basic earnings/(losses) per share	21	0.33	(1.45)
Diluted earnings/(losses) per share	21	0.33	(1.45)

* The above consolidated statement of comprehensive income for the year ended 30 June 2023 has been reclassified for discontinued operations. Refer to note 7 for detailed information on Discontinued operations.

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

PharmAust Limited
Statement of financial position
As at 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	9,714,109	2,705,941
Trade and other receivables	9	18,493	148,233
Other current assets	10	1,392,248	167,055
Total current assets		<u>11,124,850</u>	<u>3,021,229</u>
Non-current assets			
Plant and equipment		-	1,641
Intangibles assets	12	-	3,107,476
Total non-current assets		<u>-</u>	<u>3,109,117</u>
Total assets		<u>11,124,850</u>	<u>6,130,346</u>
Liabilities			
Current liabilities			
Trade and other payables	13	826,882	926,127
Lease liabilities		-	158,454
Employee benefits	15	34,076	262,786
Fund received in advance	14	35,000	-
Total current liabilities		<u>895,958</u>	<u>1,347,367</u>
Non-current liabilities			
Lease liabilities		-	890,503
Employee benefits	15	649	3,341
Total non-current liabilities		<u>649</u>	<u>893,844</u>
Total liabilities		<u>896,607</u>	<u>2,241,211</u>
Net assets		<u>10,228,243</u>	<u>3,889,135</u>
Equity			
Issued capital	16	69,935,640	57,632,710
Reserves	17	4,424,643	2,715,312
Accumulated losses	18	(64,132,040)	(56,458,887)
Total equity		<u>10,228,243</u>	<u>3,889,135</u>

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

PharmAust Limited
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$	Options and performance rights reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	55,343,941	2,747,820	(50,247,327)	7,844,434
Loss after income tax expense for the year	-	-	(6,211,560)	(6,211,560)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(6,211,560)	(6,211,560)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	2,288,769	-	-	2,288,769
Share-based payments (note 30)	-	(32,508)	-	(32,508)
Balance at 30 June 2023	57,632,710	2,715,312	(56,458,887)	3,889,135

Consolidated	Issued capital \$	Options and performance rights reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2023	57,632,710	2,715,312	(56,458,887)	3,889,135
Loss after income tax expense for the year	-	-	(7,673,153)	(7,673,153)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(7,673,153)	(7,673,153)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	10,532,119	1,427,991	-	11,960,110
Share-based payments (note 30)	180,800	300,521	-	481,321
Exercise of options and performance rights	1,590,011	(415,306)	-	1,174,705
Issue of options, net of cost	-	396,125	-	396,125
Balance at 30 June 2024	69,935,640	4,424,643	(64,132,040)	10,228,243

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

PharmAust Limited
Statement of cash flows
For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers		138,535	2,783,011
Payments to suppliers and employees		(6,173,652)	(5,341,719)
Interest received		24,468	81,025
Other income received		842,082	995,367
Interest and other finance costs paid		-	(81,862)
Net cash used in operating activities	29	<u>(5,168,567)</u>	<u>(1,564,178)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(34,763)
Payments for intangibles		-	(167)
Payment to term deposit with maturities over 3 months		(1,000,000)	-
Cash outflow on disposal of subsidiary	7	<u>(165,227)</u>	<u>-</u>
Net cash used in investing activities		<u>(1,165,227)</u>	<u>(34,930)</u>
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		11,735,872	2,243,764
Proceeds from exercise of options		1,174,965	-
Proceeds from issue of options		396,125	-
Fund receipt in advance for placement		35,000	-
Repayment of lease liabilities		-	(354,331)
Net cash from financing activities		<u>13,341,962</u>	<u>1,889,433</u>
Net increase in cash and cash equivalents		7,008,168	290,325
Cash and cash equivalents at the beginning of the financial year		<u>2,705,941</u>	<u>2,415,616</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>9,714,109</u></u>	<u><u>2,705,941</u></u>

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

1. General information

The financial statements cover PharmAust Limited as a consolidated entity consisting of PharmAust Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is PharmAust Ltd's functional and presentation currency. These consolidated financial statements and notes represent those of PharmAust Limited ("the Company" or "the parent") and its Controlled Entities (the "consolidated entity" or "Group").

PharmAust Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office and Principal place of business

Level 4
96-100 Albert Road
South Melbourne VIC 3205

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 30 August 2024. The directors have the power to amend and reissue the financial statements.

2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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.

New and revised accounting standards and amendments thereof, and interpretations effective for the current year that are relevant to the consolidated entity include:

Material accounting policy information

The Australian Accounting Standards Board has released guidance on what is considered to be material accounting policy information. Such material accounting policy information relates to the following:

- A material change in accounting policy;
- A choice of accounting policy permitted by Australian Accounting Standards;
- An accounting policy developed in the absence of an accounting standard that specifically applies; or
- Transactions, other events or conditions which are complex and the accounting policy information is required in order for the users of financial statements to understand them.

Consequently, the quantum of accounting policy information disclosed in these financial statements has been reduced from the previous financial reporting year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Basis of preparation

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

2. Material accounting policy information (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PharmAust Limited as at 30 June 2024 and the results of all subsidiaries for the year then ended. PharmAust Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the parent has control. The consolidated entity controls an entity when the parent entity is exposed to, or has rights to, variable returns from its involvement with the subsidiary 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.

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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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.

Operating segments

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

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

2. Material accounting policy information (continued)

Income tax

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

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

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

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

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

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

Current and non-current classification

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

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

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

Cash and cash equivalents

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

Intangible assets

Intellectual property rights- three oncology technology platforms

Intellectual property rights are recognised at cost of acquisition less accumulated amortisation and any impairment losses. For intellectual property rights not yet available for use, they are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

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 is expected to deliver future economic benefits and these benefits can be measured reliably.

2. Material accounting policy information (continued)

Impairment of non-financial assets

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Trade and other payables

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

Equity-settled 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.

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.

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.

2. Material accounting policy information (continued)

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.

Fair value measurement

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

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

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

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

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.

Earnings per share

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

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

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

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

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

2. Material accounting policy information (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue

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

Government grants

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

3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The 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 Trinomial Barrier Pricing model 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.

4. Operating segments

Identification of reportable operating segments

In the current financial year, the consolidated entity is organised into one operating segment: Corporate and Research. The operating segment is based on the 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. During the year ended 30 June 2024, the company discontinued the Pharmaceutical segment and disposed Epichem Pty Ltd. Refer to note 7 for details.

For the previous financial year, the consolidated entity operates in two business segments as disclosed below:

Segment Performance

Consolidated

2023	Corporate & Research \$	Pharmaceutical - Epichem \$	Total \$
Revenue			
External sales	-	2,933,194	2,933,194
Other external revenue	950,387	180,224	1,130,611
Total segment revenue			4,063,805
Inter-segment elimination			(163,508)
Total revenue per statement of profit or loss and other comprehensive income			3,900,297
Results			
Segment result from continuing operations before tax	(1,572,172)	(4,639,388)	(6,211,560)

Segment assets and liabilities

Consolidated

2023	Corporate & Research \$	Pharmaceutical - Epichem \$	Total \$
Segment assets			
Segment assets	2,545,032	3,585,314	6,130,346
Total assets of the consolidated entity:	2,545,032	3,585,314	6,130,346
Segment liabilities			
Segment operating liabilities	(628,954)	(1,612,257)	(2,241,211)
Total liabilities of the consolidated entity:	(628,954)	(1,612,257)	(2,241,211)

Revenue by geographical region

Revenue by geographical region	2023 \$
Revenue attributable to external customers is disclosed below, based on the location of the external customer:	
Switzerland	17,278
Australia	2,687,428
Sweden	-
USA	100,439
Others	18,761
Total revenue (exclude other income)	2,823,906

4. Operating segments (continued)

Assets by geographical region

2023
\$

The location of segment assets by geographical location of the assets is disclosed below:

Australia	6,130,346
Total assets	<u>6,130,346</u>

Major customers

The consolidated entity has a number of customers to which it provides both products and services. The consolidated entity supplies a single external customer within the pharmaceutical segment who accounts for 0% of external revenue (2023: 19%).

5. Other income

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Interest income	24,468	75,923
Other non-government grants *	288,278	219,544
R&D tax incentives **	<u>553,435</u>	<u>654,109</u>
	<u>866,181</u>	<u>949,576</u>

* Milestone income in relation to the completion of the milestone agreed between the company and FightMND.

** The Research and Development Tax Incentive programme provides tax offsets for expenditure on eligible R&D activities. Under the programme, Prescient, having expected aggregated annual turnover of under \$20 million, is entitled to a refundable R&D credit of 48.5% (2023: 48.5%) 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.

6. Income tax

Income tax expense

No income tax is payable as a tax loss has been incurred for income tax purposes.

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
(Loss) before income tax expense from continuing operations	(8,899,925)	(1,572,172)
Profit / (Loss) before income tax expense from discontinuing operations	<u>1,226,772</u>	<u>(4,639,388)</u>
	(7,673,153)	(6,211,560)
Prima Facie tax benefit of 25% (2023:25%)	(1,918,288)	(1,552,890)
Tax Effect of:		
- Other non-allowable items	974,996	948,943
- Derecognition of losses and timing movements	<u>943,292</u>	<u>564,697</u>
Income tax expense	<u>-</u>	<u>-</u>

Deferred tax asset

The potential deferred tax assets have not been recognised in the statement of financial position because their recovery is not considered probable.

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6. Income tax (continued)

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
- Tax losses at 25% tax rate (not recognised) (2023: 25%)	7,824,304	6,721,772

Tax consolidation

PharmAust Limited and its wholly-owned Australian subsidiary have formed an income tax consolidated group under the Tax Consolidation Regime. PharmAust Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each Company in the consolidated entity contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

7. Discontinued operations

Description

On 31 July 2023, the consolidated entity put Epichem Pty Limited (EPC) into voluntary liquidation, as a result, the consolidated entity loss control of EPC and EPC was classified as a discontinued operations for the year ended 30 June 2024.

Financial performance information

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Sale of goods	82,684	375,620
Rendering of services	-	2,448,285
Other revenue	-	21,928
Total revenue	<u>82,684</u>	<u>2,845,833</u>
Interest income	369	716
Other income	-	104,172
Total other income	<u>369</u>	<u>104,888</u>
Administration expenses	(61,964)	(771,166)
Depreciation expense	-	(326,549)
Raw materials and consumables used	(7,029)	(787,539)
Employee benefits expense	(146,491)	(2,039,528)
Interest expense	-	(81,862)
Impairment losses	-	(3,583,465)
Total expenses	<u>(215,484)</u>	<u>(7,590,109)</u>
Loss before income tax expense	(132,431)	(4,639,388)
Income tax expense	-	-
Loss after income tax expense	<u>(132,431)</u>	<u>(4,639,388)</u>
Gain on disposal before income tax	1,359,203	-
Income tax expense	-	-
Gain on disposal after income tax expense	<u>1,359,203</u>	<u>-</u>
Profit/(loss) after income tax expense from discontinued operations	<u><u>1,226,772</u></u>	<u><u>(4,639,388)</u></u>

PharmAust Limited
Notes to the financial statements
30 June 2024

7. Discontinued operations (continued)

Cash flow information

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Net cash (used in) / from operating activities	(82,747)	261,772
Net cash used in investing activities	-	(34,220)
Net cash used in financing activities	-	(126,370)
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents from discontinued operations	<u>(82,747)</u>	<u>101,182</u>

Carrying amounts of assets and liabilities disposed

	Consolidated
	30 June 2024
	\$
Cash and cash equivalents	165,227
Trade and other receivables	73,890
Total assets	<hr/> 239,117
Trade and other payables	360,448
Provisions	188,916
Lease liabilities	1,048,956
Total liabilities	<hr/> 1,598,320
Net liabilities	<hr/> <u>(1,359,203)</u>

Details of the disposal

	Consolidated
	30 June 2024
	\$
Carrying amount of net liabilities disposed	<hr/> 1,359,203
Gain on disposal before income tax	<hr/> 1,359,203
Gain on disposal after income tax	<hr/> <u>1,359,203</u>

8. Cash and cash equivalents

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Cash at bank	<hr/> 9,714,109	<hr/> 2,705,941

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9. Trade and other receivables

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Trade receivables	18,493	226,216
Less: Allowance for expected credit losses	-	(77,983)
	<u>18,493</u>	<u>148,233</u>

Trade receivables: Payment terms are 30 days from the date of recognition and carried at fair value.

Allowance for expected credit losses

Current trade and term receivables are non-interest bearing and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

The consolidated entity recognised a loss of \$nil for the year ended 30 June 2024 (30 June 2023: \$77,983) in profit or loss in respect of the expected credit losses.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consolidated	%	%	\$	\$	\$	\$
Not overdue	-	38%	18,493	150,687	-	57,711
0 to 3 months overdue	-	27%	-	75,529	-	20,272
			<u>18,493</u>	<u>226,216</u>	<u>-</u>	<u>77,983</u>

10. Other current assets

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Prepayments	248,950	85,687
Term Deposit *	1,011,554	11,554
Bonds	4,225	4,225
GST	127,519	65,589
	<u>1,392,248</u>	<u>167,055</u>

* Term deposits held as at 30 June 2024 with interest rates between 4.25% and 5.00% maturity terms of 6 months (30 June 2023: 3.9%) at acquisition, were classified in the statement of financial position as short-term investments in accordance with AASB 107 Statement of Cash Flows.

PharmAust Limited
Notes to the financial statements
30 June 2024

11. Inventories

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Finished goods	-	1,050,669
Raw materials	-	4,357
Provision for obsolescence	-	(506,498)
Provision for impairment losses	-	(548,528)
	<u>-</u>	<u>-</u>

12. Intangibles assets

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Intellectual property - at cost	5,179,128	5,179,128
Less: Impairment	<u>(5,179,128)</u>	<u>(2,071,652)</u>
	<u>-</u>	<u>3,107,476</u>

No amortisation has been recognised as these intellectual property rights are not yet at the commercialisation stage.

During the year ended 30 June 2024, the consolidated entity impaired the cost of intellectual property of \$3,107,476, management will reassess the appropriateness of the carrying amount on a bi-annual basis on 30 June and 31 December each year.

13. Trade and other payables

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Trade creditors and accruals	<u>826,882</u>	<u>926,127</u>

Payment terms are 30 days from receipt of goods and/or services rendered.

14. Fund received in advance

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Fund received in advance	<u>35,000</u>	<u>-</u>

The fund received for directors' placement which was subsequently refunded.

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15. Employee benefits

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Long service leave	-	177,573
Annual leave	34,076	85,213
	<u>34,076</u>	<u>262,786</u>
<i>Non-current liabilities</i>		
Long service leave	649	3,341
	<u>34,725</u>	<u>266,127</u>

Amounts not expected to be settled within the next 12 months

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

16. Issued capital

	Consolidated			
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>445,024,049</u>	<u>347,474,940</u>	<u>69,935,640</u>	<u>57,632,710</u>

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16. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	316,912,383		55,343,941
Issuance of shares	11 May 2023	30,000,000	\$0.0800	2,400,000
Exercise of options	11 May 2023	562,557	\$0.0800	45,005
Transaction costs		-	-	(156,236)
Balance	30 June 2023	347,474,940		57,632,710
Placement-shares issued to directors	7 July 2023	1,300,000	\$0.0800	104,000
Shares issued on exercise of options	27 October 2023	3,724	\$0.2000	782
Shares issued to an advisor	15 December 2023	675,676	\$0.0700	50,000
Placement-Issue of shares	22 December 2023	24,611,257	\$0.1000	2,461,126
Placement-Issue of shares	2 January 2024	10,750,000	\$0.1000	1,075,000
Shares issued on exercise of performance rights for key management personnel	5 January 2024	150,000	\$0.0000	11,850
Exercise of options	6 February 2024	1,020,948	\$0.1500	158,247
Shares issued on exercise of performance rights for key management personnel	13 February 2024	500,000	\$0.0000	19,845
Shares issued to services provider	23 February 2024	280,000	\$0.1100	30,800
Issue of shares to key management personnel	23 February 2024	450,000	\$0.1000	45,000
Shares issued on exercise of options	28 February 2024	1,185,220	\$0.1500	439,892
Shares issued on exercise of options	7 March 2024	2,186,665	\$0.1500	334,516
Shares issued on exercise of performance rights for key management personnel	27 March 2024	1,750,000	\$0.0000	26,903
Shares issued on exercise of options	27 March 2024	1,542,739	\$0.1500	237,012
Shares issued on exercise of options	5 April 2024	450,000	\$0.1800	93,254
Shares issued on exercise of options	18 April 2024	682,500	\$0.1000	83,250
Shares issued on exercise of options	9 May 2024	897,566	\$0.1500	139,037
Placement-Issue of shares	28 June 2024	47,961,498	\$0.1900	9,112,685
Shares issued on exercise of performance rights for key management personnel	28 June 2024	625,000	\$0.0000	45,422
Shares issued to corporate advisor	28 June 2024	526,316	\$0.1900	100,000
Transaction costs		-	-	(2,265,691)
Balance	30 June 2024	<u>445,024,049</u>		<u>69,935,640</u>

Ordinary shares

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

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

Share buy-back

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

Capital risk management

The 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.

16. Issued capital (continued)

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.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2023 Annual Report.

17. Reserves

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Options and performance rights reserve	<u>4,424,643</u>	<u>2,715,312</u>

Movements in reserves

Movements in options and performance rights reserve during the current and previous financial year are set out below:

Consolidated	Options and performance rights reserve \$
Balance at 1 July 2022	2,747,820
Share based payment	(92,508)
Issue of unlisted options	<u>60,000</u>
Balance at 30 June 2023	2,715,312
Share based payment (note 30)	300,522
Issue of listed options	396,125
Transaction costs for capital raising (note 30)	1,427,990
Transferred to share capital from exercise of options and performance rights (note 16)	<u>(415,306)</u>
Balance at 30 June 2024	<u><u>4,424,643</u></u>

	Consolidated	
	30 June 2024	30 June 2023
	Number	Number
Movement in options		
Opening balance - 1 July	97,608,642	79,228,636
Granted	118,349,087	18,380,006
Exercised	(7,969,362)	-
Expired	(79,224,912)	-
Closing balance – 30 June	<u>128,763,455</u>	<u>97,608,642</u>
Movement in performance rights		
Opening balance - 1 July	-	2,000,000
Granted	3,525,000	-
Exercised	(3,025,000)	-
Expired	-	(2,000,000)
Closing balance – 30 June	<u>500,000</u>	<u>-</u>

18. Accumulated losses

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Accumulated losses at the beginning of the financial year	(56,458,887)	(50,247,327)
(Loss) after income tax expense for the year	<u>(7,673,153)</u>	<u>(6,211,560)</u>
Accumulated losses at the end of the financial year	<u>(64,132,040)</u>	<u>(56,458,887)</u>

19. Financial instruments

Financial risk management objectives and policies

The consolidated entity's activities expose it to a variety of financial risks: market risks (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity 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, such as sensitivity analysis and maturity analysis.

The consolidated entity's principal financial instruments are as follows.

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Financial assets		
Cash and cash equivalents (Note 8)	9,714,109	2,705,941
Trade and other receivables (Note 9)	18,493	148,233
Term deposits (Note 10)	<u>1,011,554</u>	<u>11,554</u>
Total financial assets	<u>10,744,156</u>	<u>2,865,728</u>
Financial liabilities		
Trade and other payables (excluding GST) (Note 13)	826,882	926,127
Lease liabilities	<u>-</u>	<u>1,048,957</u>
	<u>826,882</u>	<u>1,975,084</u>

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The consolidated entity is not exposed to any significant foreign exchange risk at 30 June 2024 and 30 June 2023.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

19. Financial instruments (continued)

	Weighted average interest rate %	Floating interest rate \$	Fixed interest rate within 1 year \$	Fixed interest rate between 1 and 5 years \$	Non- interesting bearing \$	Total \$
Consolidated - 30 June 2024						
Financial assets						
Cash and cash equivalents	0.34%	9,714,109	-	-	-	9,714,109
Trade and other receivables	-	-	-	-	18,493	18,493
Term deposit	5.00%	-	1,011,554	-	-	1,011,554
Total financial assets		<u>9,714,109</u>	<u>1,011,554</u>	<u>-</u>	<u>18,493</u>	<u>10,744,156</u>
Financial liabilities						
Trade and other payables	-	-	-	-	(826,882)	(826,882)
Total financial liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>(826,882)</u>	<u>(826,882)</u>
Net financial assets/(liabilities)		<u>9,714,109</u>	<u>1,011,554</u>	<u>-</u>	<u>(808,389)</u>	<u>9,917,274</u>
Consolidated - 30 June 2023						
Financial assets						
Cash and cash equivalents	0.34%	2,705,941	-	-	-	2,705,941
Trade and other receivables	-	-	-	-	148,233	148,233
Term deposits	4.25%	-	11,554	-	-	11,554
Total financial assets		<u>2,705,941</u>	<u>11,554</u>	<u>-</u>	<u>148,233</u>	<u>2,865,728</u>
Financial liabilities						
Trade and other payables	-	-	-	-	(926,127)	(926,127)
Borrowings	-	-	-	-	-	-
Lease liabilities	7.50%	-	(158,454)	(890,503)	-	(1,048,957)
Total financial liabilities		<u>-</u>	<u>(158,454)</u>	<u>(890,503)</u>	<u>(926,127)</u>	<u>(1,975,084)</u>
Net financial assets/(liabilities)		<u>2,705,941</u>	<u>(146,900)</u>	<u>(890,503)</u>	<u>(777,894)</u>	<u>890,644</u>

Interest rate sensitivity analysis at 30 June 2024 if interest rates had changed by 100 basis points during the entire year with all other variables held constant, profit for the year and equity would have been \$97,141 (30 June 2023: \$27,059) lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The cash and cash equivalents and term deposits are held with an Australian major bank in accordance with the Board's risk policy. The Board believes the consolidated entity is not exposed to significant credit risk.

19. Financial instruments (continued)

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.

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 - 30 June 2024	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 and other payables	-	826,882	-	-	-	826,882
Total non-derivatives		826,882	-	-	-	826,882
Consolidated - 30 June 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 and other payables	-	926,127	-	-	-	926,127
<i>Interest-bearing - fixed rate</i>						
Lease liabilities	7.50%	-	158,454	890,503	-	1,048,957
Total non-derivatives		926,127	158,454	890,503	-	1,975,084

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

Fair value of financial instruments

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

20. Related party transactions

Parent entity

PharmAust Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions which are no more favourable than those available to other parties.

20. Related party transactions (continued)

The following transactions occurred with related parties:

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
Sale of goods and services:		
Services provided by Straight Lines Consultancy *	-	18,000

* Sam Wright is director of Straight Lines Consultancy. All services provided by Sam Wright as capacity of director and company secretary through Straight Lines Consultancy have been included note 22.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
Current payables:		
Due to Mandevilla Pty Ltd *	-	25,667

* Neville Bassett is director of Mandevilla Pty Ltd.

Loans to/from related parties

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

Terms and conditions

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

21. Earnings per share

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
<i>Losses per share from continuing operations</i>		
Loss after income tax	(8,899,925)	(1,572,172)
Loss after income tax attributable to the owners of PharmAust Ltd	<u>(8,899,925)</u>	<u>(1,572,172)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	370,810,919	321,009,035
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>370,810,919</u>	<u>321,009,035</u>

As at 30 June 2024, the consolidated entity has unlisted options 12,347,500 and performance rights 500,000 on issue (30 June 2023: 18,380,006 and nil) respectively. These options and performance rights are considered to be non-dilutive whilst the consolidated entity is in a loss position.

	Cents	Cents
Basic losses per share	(2.40)	(0.49)
Diluted losses per share	(2.40)	(0.49)

21. Earnings per share (Continued)

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Earnings/(losses) per share from discontinued operations</i>		
Profit/(loss) after income tax attributable to the owners of PharmAust Ltd	<u>1,226,772</u>	<u>(4,639,388)</u>
	Cents	Cents
Basic earnings/(losses) per share	0.33	(1.45)
Diluted earnings/(losses) per share	0.33	(1.45)

22. Key management personnel disclosures

Directors

The following persons were directors of PharmAust Ltd during the financial year:

Other key management personnel

The following person 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:

Compensation

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

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Short-term employee benefits	862,904	763,705
Post-employment benefits	60,610	72,107
Long-term benefits	650	-
Share-based payments	<u>177,134</u>	<u>(92,508)*</u>
	<u>1,101,298</u>	<u>743,304</u>

* Share-based payments recognised in the year ended 30 June 2022 were reversed in the year ended 30 June 2023 as the vesting conditions of the performance rights issued as disclosed in note 30 are not met.

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23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	79,000	84,450
<i>Other services - RSM Australia Partners</i>		
Preparation of the tax return	15,000	15,500
Tax advisory	30,000	-
Restructuring and recovery	48,714	-
	<u>93,714</u>	<u>15,500</u>
	<u>172,714</u>	<u>99,950</u>

24. Contingent liabilities and assets

The consolidated entity has no contingent liabilities and assets as at 30 June 2024 and 30 June 2023.

25. Commitments

The consolidated entity has no commitment as at 30 June 2024 and 30 June 2023.

26. Parent entity information

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

Statement of financial position

	Parent	Parent
	30 June 2024	30 June 2023
	\$	\$
Financial position		
Total current assets	10,920,572	2,322,962
Total non-current assets	525,216	2,195,127
Total assets	<u>11,445,788</u>	<u>4,518,089</u>
Total current liabilities	(1,216,896)	(628,954)
Total non-current liabilities	(649)	-
Total liabilities	<u>(1,217,545)</u>	<u>(628,954)</u>
Net assets	<u>10,228,243</u>	<u>3,889,135</u>
Issued capital	69,935,640	57,632,710
Reserves	4,424,643	2,715,312
Accumulated losses	<u>(64,132,040)</u>	<u>(56,458,887)</u>
Total equity	<u>10,228,243</u>	<u>3,889,135</u>

Statement of profit or loss and other comprehensive income

Loss for the year	<u>(7,673,153)</u>	<u>(3,401,588)</u>
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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 2024 and 30 June 2023.

26. Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates 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.

27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024 %	30 June 2023 %
Epichem Pty Ltd *	Australia	-	100.00%
Pitney Pharmaceuticals Pty Ltd	Australia	100.00%	100.00%
Epichem OHD Pty Ltd *	Australia	-	100.00%

* On 31 July 2023, the consolidated entity put Epichem Pty Ltd ("EPC") into voluntary liquidation, as a result, the Group loss control of EPC.

28. Events after the reporting period

On 25 July 2024, the Company issued 41,095,506 ordinary shares at \$0.19 (19 cents) per share, upon completion of a Share Purchase Plan and raised \$7.8 million.

On 30 July 2024, the Company issued 100,000 ordinary shares as a result of listed options being exercised at an exercise price of \$0.15.

No other matter or circumstance has arisen since 30 June 2024 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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29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax expense for the year	(7,673,153)	(6,211,560)
Adjustments for:		
Depreciation and amortisation	1,641	326,549
Impairment loss	3,107,476	3,583,465
Provision for inventory	-	506,498
Net loss on disposal of property, plant and equipment	-	180
Net gain on disposal of disposal of subsidiary	(1,226,772)	-
Share-based payments	369,232	(10,005)
Change in operating assets and liabilities:		
Trade and other receivables	138,903	(40,895)
Inventories	-	(4,219)
Other assets	(225,193)	(57,669)
Trade and other payables	528,277	322,489
Employee benefits	(188,978)	20,989
Net cash used in operating activities	<u>(5,168,567)</u>	<u>(1,564,178)</u>

Non-cash investing and financing activities

	30 June 2024	30 June 2023
	\$	\$
Additions to right-of-use assets	-	18,218
Share-based payments to consultants – shares (as share issued costs)	89,133	22,503
Share-based payments to consultants – listed and unlisted options (as share issued costs)	102,963	60,000
	<u>192,096</u>	<u>100,721</u>

30. Share-based payments

The Company has recognised the following amounts as expenses relating to share-based payments for the year.

	30 June 2024	30 June 2023
	\$	\$
Share-based payments to consultants – shares ^[1]	89,133	22,503
Share-based payments to KMP – listed and unlisted options ^[2] (Note 22)	50,562	-
Share-based payments to consultants – listed and unlisted options ^[3]	102,963	60,000
Share-based payments to KMP – performance rights (Note 22)	126,572	(92,508)
	<u>369,230</u>	<u>(10,005)</u>

30. Share-based payments (continued)

[1] *Share-based payments to consultants – shares*

30 June 2023:

On 11 May 2023, 562,557 shares were issued as part of prepayment to consultant's remuneration with a total value of \$45,005.

30 June 2024:

On 15 December 2023, 675,676 shares were issued to an advisory consultant as remuneration with a total value of \$50,000.

On 23 February 2024, 280,000 shares were issued to an advisory consultant as remuneration with a total value of \$30,800.

On 28 June 2024, 526,316 shares were issued to an advisory consultant as remuneration for the 12 months of services to be provided from 1 June 2024 to 30 May 2025 with a total value of \$100,000, the share-based payments benefit recognised in the period in the statement of profit or loss was \$8,333, and the remaining \$91,667 was recognised as prepayment as at 30 June 2024.

[2] *Share-based payments to KMP – listed and unlisted options*

30 June 2024:

On 24 August 2023 and 11 January 2024, the Company granted 500,000 and 1,000,000 listed options to Michael Thurn and the respective share-based payments benefit recognised in the period in the statement of profit or loss was \$7,350 and \$32,280.

On 18 January 2024, the Company granted 250,000 unlisted options to John Clark and the share-based payments benefit recognised in the period in the statement of profit or loss was \$10,932.

On 21 February 2024, the Company granted 300,000 listed free-attaching options to Sam Wright and the share-based payments benefit recognised in the period in the statement of profit or loss was \$nil.

[3] *Share-based payments to consultants – listed and unlisted options*

30 June 2023:

On 11 May 2023, 2,730,000 unlisted options were issued as part of consultant's fee at an issue price of \$0.10 per share.

30 June 2024:

On 21 December 2023, the Company granted 3,000,000 listed options to an advisor in relation to services rendered; and the respective share-based payments benefit recognised in the period in the statement of profit or loss was \$82,540.

On 23 February 2024 and 28 June 2024, the Company granted 4,000,000 and 5,000,000 unlisted options to brokers and advisors in relation to capital raising and services rendered; and the fair value recognised in the period in the statement of financial position in equity as transaction costs for capital raising were \$1,049,040 and \$378,950 respectively.

On 1 January 2024, the Company granted 1,500,000 unlisted options to advisors in relation to services rendered with a total value of \$40,845; and the share-based payments benefit recognised in the period in the statement of profit or loss was \$20,423, the remaining \$20,423 was recognised as prepayment as at 30 June 2024.

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30. Share-based payments (continued)

The following tables illustrate the number and weighted average fair value of, and movements in, options relating to share-based payments during the financial year.

Listed options

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other* No.	Balance at the end of the year No.
30/06/2023	30/04/2026	\$0.15	-	-	(907,575)	15,650,006	14,742,431
24/08/2023	30/04/2026	\$0.15	-	500,000	-	-	500,000
21/12/2023	30/04/2026	\$0.15	-	3,000,000	-	-	3,000,000
21/02/2024	30/04/2026	\$0.15	-	300,000	-	-	300,000
			-	3,800,000	(907,575)	15,650,006	18,542,431
Weighted average exercise price			\$nil	\$0.15	\$0.15	\$0.15	\$0.15

* Other represents the 15,650,006 unlisted options transferred from unlisted to listed options during the year ended 30 June 2024.

Unlisted options

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other* No.	Balance at the end of the year No.
30/06/2023	30/04/2026	\$0.1500	15,650,006	-	-	(15,650,006)	-
30/06/2023	28/02/2026	\$0.1000	2,730,000	-	(682,500)	-	2,047,500
23/02/2024	31/12/2025	\$0.1500	-	4,000,000	(1,000,000)	-	3,000,000
11/01/2024	19/01/2026	\$0.1750	-	250,000	-	-	250,000
18/01/2024	19/01/2026	\$0.1750	-	1,000,000	-	-	1,000,000
01/01/2024	19/01/2026	\$0.1750	-	1,500,000	(450,000)	-	1,050,000
28/06/2024	28/06/2026	\$0.3330	-	5,000,000	-	-	5,000,000
			18,380,006	11,750,000	(2,132,500)	(15,650,006)	12,347,500
Weighted average exercise price			\$0.14	\$0.23	\$0.14	\$0.15	\$0.22

* Other represents the 15,650,006 unlisted options transferred from unlisted to listed options during the year ended 30 June 2024.

Listed options

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other No.	Balance at the end of the year No.
09/11/2021	31/10/2023	\$0.20	51,414,373	-	-	-	51,414,373
16/11/2021	31/10/2023	\$0.20	27,814,263	-	-	-	27,814,263
			79,228,636	-	-	-	79,228,636
Weighted average exercise price			\$0.20	\$0.00	\$0.00	\$0.00	\$0.20

30. Share-based payments (continued)

Unlisted options

30 June 2023 Grant date	Expiry date	Exercise price	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other No.	Balance at the end of the year No.
30/06/2023	30/04/2026	\$0.15	-	15,650,006	-	-	15,650,006
30/06/2023	28/02/2026	\$0.10	-	2,730,000	-	-	2,730,000
			-	18,380,006	-	-	18,380,006
Weighted average exercise price			\$0.00	\$0.14	\$0.00	\$0.00	\$0.14

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.80 years (30 June 2023: 0.80 years).

Performance rights

On 1 September 2023, the company granted 2,400,000 performance rights to the appointed chief executive officer, Mr Michael Thurn with the terms and conditions set out below:

- 150,000 - The Executive is engaged as an employee for a continuous period of 3 months from the Commencement Date
- 500,000 - Prior to 31 August 2025, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$50,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded
- 750,000 - Prior to 31 August 2025, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$75,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded
- 1,000,000 - Prior to 31 August 2025, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$100,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded

On 11 January 2024, the company granted 1,125,000 performance rights to the appointed chief operation officer, Mr John Clark with the terms and conditions set out below:

- 250,000 - Prior to 11 January 2026, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$75,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded
- 375,000 - Prior to 11 January 2026, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$100,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded
- 500,000 - Prior to 11 January 2026, the Company achieves a market capitalisation (Share price x Shares on issue) of at least \$125,000,000 for a continuous period of 20 Trading Days on which Shares have actually traded

Set out below are summaries of performance rights granted under the plan:

**Performance rights
30 June 2024**

Grant date	Expiry date	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other No.	Balance at the end of the year No.
24/08/2023	31/12/2023	-	150,000	(150,000)	-	-
24/08/2023	31/08/2025	-	500,000	(500,000)	-	-
24/08/2023	31/08/2025	-	750,000	(750,000)	-	-
24/08/2023	31/08/2025	-	1,000,000	(1,000,000)	-	-
18/01/2024	11/01/2026	-	250,000	(250,000)	-	-
18/01/2024	11/01/2026	-	375,000	(375,000)	-	-
18/01/2024	11/01/2026	-	500,000	-	-	500,000
		-	3,525,000	(3,025,000)	-	500,000

30. Share-based payments (continued)

Performance rights 30 June 2023

Grant date	Expiry date	Balance at the start of the year No.	Granted No.	Exercised No.	Expired/ forfeited/ other No.	Balance at the end of the year No.
26/04/2020	31/10/2022	2,000,000	-	-	(2,000,000)	-
		2,000,000	-	-	(2,000,000)	-

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.53 years (30 June 2023: nil years).

For the options granted during the current financial year, the fair value is determined by Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/08/2023	30/04/2026	\$0.079	\$0.150	55%	-	3.81%	\$0.015
21/12/2023	30/04/2026	\$0.115	\$0.150	50%	-	3.75%	\$0.028
23/02/2024	31/12/2025	\$0.380	\$0.150	79.59%	-	3.84%	\$0.262
18/01/2024	19/01/2026	\$0.140	\$0.175	65.65%	-	3.92%	\$0.044
11/01/2024	19/01/2026	\$0.120	\$0.175	65.92%	-	3.83%	\$0.032
01/01/2024	19/01/2026	\$0.110	\$0.175	66.11%	-	3.72%	\$0.027
28/06/2024	28/06/2026	\$0.195	\$0.333	95.61%	-	4.15%	\$0.076
21/02/2024*	30/04/2026	\$0.115	\$0.150	-	-	-	-

*Free attaching options issued to director on 23 February 2024

For the performance rights granted during the current financial year, the fair value is determined by using Barrier1 option valuation model or Hoadley's ESO5 model taking into account the terms and conditions upon which the instruments were granted. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Barrier price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/08/2023	31/12/2023	\$0.0790	-	55.00%	-	3.84%	\$0.079
24/08/2023	31/08/2025	\$0.0790	\$0.1436	55.00%	-	3.84%	\$0.040
24/08/2023	31/08/2025	\$0.0790	\$0.2154	55.00%	-	3.84%	\$0.021
24/08/2023	31/08/2025	\$0.0790	\$0.2872	55.00%	-	3.84%	\$0.011
18/01/2024	19/01/2026	\$0.1400	\$0.2420	60.00%	-	3.92%	\$0.088
18/01/2024	19/01/2026	\$0.1400	\$0.3220	60.00%	-	3.92%	\$0.062
18/01/2024	19/01/2026	\$0.1400	\$0.4030	60.00%	-	3.92%	\$0.045

31. Dividends

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

PharmAust Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
PharmAust Limited *	Body Corporate	Australia	-	Australia
Pitney Pharmaceuticals Pty Ltd *	Body Corporate	Australia	100.00%	Australia

* This entity is part of a tax-consolidated group under Australian taxation law, for which PharmAust Limited is the head entity.

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PharmAust Limited
Directors' declaration
30 June 2024

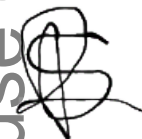
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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



Sergio Duchini
Non-Executive Chairman

30 August 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PHARMAUST LIMITED

Opinion

We have audited the financial report of PharmAust Limited (Company) and its subsidiaries (Group), which comprises statement of financial position as at 30 June 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement 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 2024 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the 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 (Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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Key audit matters

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

Key audit matter	How our audit addressed this matter
Discontinued operations of Epichem Pty Ltd Refer to Note 7 in the financial statements	
<p>On 31 July 2023, the Group placed Epichem Pty Ltd ("EPC"), one of its wholly owned subsidiaries into voluntary liquidation. As a result, the Group lost control of EPC. EPC represented the entirety of the Group's pharmaceutical segment. This has been classified as a discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income.</p> <p>The accounting for discontinued operations involved the calculation of the carrying value of the net assets or liabilities disposed and the presentation and disclosure of the discontinued operations in accordance with AASB 5 <i>Non-current assets held for sale and Discontinued Operations</i>.</p> <p>The discontinued operations of EPC is considered a key audit matter due to its impact on the Group's financial position and performance.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the management's determination of the date of the divestment of EPC; Assessing and testing management's determination of the carrying value of net liabilities disposed; On a sample basis, testing the revenue transactions prior to the divestment date to ascertain revenue is recognised in the correct financial period; On a sample basis, testing of expense transactions prior to the divestment date to ascertain accuracy and occurrence of expenses; and Assessing the appropriateness of disclosures in the financial statements as required by Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

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

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

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



Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of PharmAust Limited, for the year ended 30 June 2024, 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.

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AIK KONG TING
Partner

Perth, WA
Dated: 30 August 2024

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PharmAust Ltd
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 16 August 2024.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares	Number of holders of quoted PAAOA options	Number of quoted PAAOA options	% of quoted PAAOA options
1 - 1,000	235	69,745	0.01	15	3,704	0.00
1,001 - 5,000	750	2,410,193	0.50	37	123,328	0.11
5,001 - 10,000	623	4,841,090	1.00	45	372,105	0.32
10,001 - 100,000	1,739	67,733,525	13.93	229	11,308,793	9.72
100,001 - and over	660	411,165,002	84.56	184	104,508,025	89.85
	4,007	486,219,555	100.00	510	116,315,955	100.00
Holding less than a marketable parcel	572	733,802	0.15	47	102,032	0.09

	Number of holders of unlisted options	Number of unlisted options	% of unlisted options	Number of holders of performance rights	Number of performance rights	% of performance rights
1 - 1,000	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-
10,001 - 100,000	2	200,000	1.62	-	-	-
100,001 - and over	9	12,147,500	98.38	1	500,000	100.00
	11	12,347,500	100.00	1	500,000	100.00
Holding less than a marketable parcel	-	-	-	-	-	-

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Twenty largest quoted equity security holders

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

	Number held	Ordinary shares % of total Shares issued
HYBRID HOLDINGS PTY LTD <DARCY FAMILY SUPER FUND A/C>	22,250,000	4.58
MR GERALD JAMES VAN BLOMMESTIEN + MRS GILLIAN VAN BLOMMESTEIN <VAN BLOMMESTEIN S/F A/C>	18,498,526	3.80
DR ROGER ASTON	15,044,815	3.09
MR MARCUS PAUL HUGHES	9,312,500	1.92
MR CHEK LOON TAN	8,125,000	1.67
LONGBOW CROFT CAPITAL PTY LIMITED	7,500,058	1.54
C DARCY + D SIMPSON <SIMDAR 1994 SUPER FUND A/C>	6,961,406	1.43
CITICORP NOMINEES PTY LIMITED	5,593,783	1.15
MRS JOANNE HUGHES	5,363,158	1.10
MAGEE HOLDINGS PTY LTD <PLM SUPER FUND A/C>	5,257,905	1.08
MR PATRICK JOHN MCHALE	5,000,000	1.03
MR RICHARD DESMOND REID	4,658,684	0.96
RICHARD REID SUPERANNUATION FUND PTY LTD <RICHARD REID SUPERFUND A/C>	4,281,316	0.88
MR DOUGLAS BREWSTER KITCHEN	4,266,236	0.88
MR RODNEY JOSEPH PETER ADKINS + MS ANNE-MARIE ADKINS <RAM SUPER FUND A/C>	4,062,707	0.84
STRAIGHT LINES CONSULTANCY PTY LTD <STRAIGHT LINES CONSULT A/C>	4,000,000	0.82
MR PAUL DENHAM	3,530,527	0.73
A & J RUSSELL INVESTMENTS PTY LIMITED <KLR INVESTMENT A/C>	3,500,000	0.72
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,448,008	0.71
MR ROGER BOWMAN	3,432,895	0.71
	144,087,524	29.63

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PharmAust Ltd
Shareholder information
30 June 2024

	PAAOA Options over ordinary shares	
	Number held	% of total PAAOA Options issued
HYBRID HOLDINGS PTY LTD <DARCY FAMILY SUPER FUND A/C>	6,000,000	5.16
MR GERALD JAMES VAN BLOMMESTIEN + MRS GILLIAN VAN BLOMMESTEIN <VAN BLOMMESTEIN S/F A/C>	4,716,178	4.05
MR ANTHONY NICHOLAS JONES	4,446,825	3.82
MR JONATHAN HARWOOD	4,100,000	3.52
DR ROGER ASTON	3,649,904	3.14
RICHARD REID SUPERANNUATION FUND PTY LTD <RICHARD REID SUPERFUND A/C>	3,550,000	3.05
MR EDWARD GRAHAM JONES	2,618,182	2.25
MR DAMIEN SONNY MICALLEF	2,106,327	1.81
Longbow Croft Capital Pty Limited	2,050,015	1.76
MR RICHARD DESMOND REID	2,010,000	1.73
MR MICHAEL PHILIP EASTERBROOK	1,500,000	1.29
MAGEE HOLDINGS PTY LTD <PLM SUPER FUND A/C>	1,494,777	1.29
MR RODNEY JOSEPH PETER ADKINS + MS ANNE-MARIE ADKINS <RAM SUPER FUND A/C>	1,489,005	1.28
MR MICHAEL ROBERT BERISLAV BJELIS	1,460,000	1.26
STRAIGHT LINES CONSULTANCY PTY LTD <STRAIGHT LINES CONSULT A/C>	1,425,000	1.23
VARGHESE JACOB INVESTMENTS PTY LTD <VARGHESE JACOB SF A/C>	1,381,394	1.19
MR SHANE PETER FOLETTI	1,360,000	1.17
MR MARK WILLIAM DUBBELAAR + MISS REBECCA CLAIRE DUBBELAAR	1,357,320	1.17
MS SHARON JACOB	1,350,000	1.16
MANN BEEF PTY LTD	1,333,333	1.15
	<u>49,398,260</u>	<u>42.47</u>

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	12,347,500	11
Performance rights over ordinary shares issued	500,000	1

The following persons hold 20% or more of unquoted equity securities:

	Class	Number held
Berne No 132 Nominees Pty Ltd <585040 A/C>	Unlisted options, exercisable at \$0.3325, expiring 28 Jun 2026	5,000,000
L39 Pty Ltd <No 12 A/C>	Unlisted options, exercisable at \$0.15, expiring 31 Dec 2025	2,000,000
Mr Matthew Baker	Unlisted options, exercisable at \$0.10, expiring 5 January 2025	1,365,000
MAPD Nominees Pty Ltd	Unlisted options, exercisable at \$0.10, expiring 28 Feb 2026	682,500
Oschie Capital Pty Ltd	Unlisted options, exercisable at \$0.175, expiring 19 Jan 2026	850,000

PharmAust Ltd
Shareholder information
30 June 2024

Substantial holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HYBRID HOLDINGS PTY LTD	21,000,000	7.49

**Indicative relevant interest in shares based on number of voting securities recorded as at the date of their last substantial shareholder notice lodged with ASX.*

Voting rights

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

Ordinary shares

All issued shares carry voting rights on a one-for-one basis.

Quoted PAAOA Options

There are no voting rights attached to the quoted PAAOA options.

Unquoted Options

There are no voting rights attached to the unquoted options.

Performance Rights

There are no voting rights attached to the performance rights.

There are no other classes of equity securities.

Share buy-back

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

Corporate Governance Statement

The Company's 2024 Corporate Governance Statement is available on the Company's website at:

<https://investorhub.pharmaust.com/governance>

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