

**Argenica Therapeutics Limited
(formerly Argenica Therapeutics Pty Ltd)**

ABN 78 637 578 753

Interim Report – 31 December 2020

Argenica Therapeutics Limited
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on Argenica Therapeutics Limited (referred to hereafter as the 'company') for the half-year ended 31 December 2020. The company was formerly named Argenica Therapeutics Pty Ltd and changed its name to Argenica Therapeutics Limited on 17 December 2020.

Directors

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

Mr Geoff Pocock
Dr Sam South
Ms Elizabeth (Liddy) McCall (appointed 16 December 2020)
Mr Terry Budge (appointed 21 January 2021)

Principal activities

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

Review of operations

The profit for the company after providing for income tax amounted to \$65,243 (31 December 2019: loss of \$200).

Revenue during the period included \$145,000 in contributions toward the company's research activities from the University of Western Australia and the Perron Institute for Neurological and Translational Science Ltd pursuant to Assignment of Intellectual Property Agreement under which the Intellectual Property associated with a neuroprotective therapeutic drug was assigned to the company and a \$151,075 R&D tax incentive rebate.

Operating expenses during the period principally related to research and developments costs of a neuroprotective therapeutic drug, patent costs and administration expenses.

Operating cash outflows for the period were \$256,950. Financing cash inflows for the period were \$1,136,500 from the issue of 11,872,250 ordinary shares in the company at a range of issue prices per share as outlined in Note 8, net of transaction costs.

The company had a net asset position at 31 December 2020 of \$1,220,140. The net asset position included \$1,221,534 of cash and cash equivalents and a \$1,000 intangible asset being intellectual property associated with a neuroprotective therapeutic drug.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It had no significant impact on the company during the half-year.

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

Significant changes in the state of affairs

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

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.

Argenica Therapeutics Limited
Directors' report
31 December 2020

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Geoff Pocock
Director

16 March 2021
Perth

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Argenica Therapeutics Limited for the half-year ended 31 December 2020, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2021

Argenica Therapeutics Limited

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31 December 2020

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General information

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

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

Registered office

Suite 2, 29 The Avenue
Nedlands, WA 6009

Principal place of business

Suite 2, 29 The Avenue
Nedlands, WA 6009

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2021.

Argenica Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

| | Note | 31 Dec 20 \$ | 31 Dec 19 \$ |
|--|------|-----------------|-----------------|
| Revenue | | | |
| Other income | 3 | 296,147 | - |
| Expenses | | | |
| Administration and corporate expenses | | (69,312) | (200) |
| Employee expenses | | (16,496) | - |
| Research and development costs | | (129,103) | - |
| Patent costs | | (15,929) | - |
| Finance costs | | (10) | - |
| | | <hr/> | <hr/> |
| Profit / (Loss) before income tax expense | | 65,297 | (200) |
| Income tax expense | | (54) | - |
| | | <hr/> | <hr/> |
| Profit / (Loss) after income tax expense for the period attributable to the owners of Argenica Therapeutics Limited | | 65,243 | (200) |
| Other comprehensive income for the period, net of tax | | <hr/> | <hr/> |
| | | - | - |
| Total comprehensive profit / (loss) for the period attributable to the owners of Argenica Therapeutics Limited | | <hr/> <hr/> | <hr/> <hr/> |
| | | 65,243 | (200) |

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

Argenica Therapeutics Limited
Statement of financial position
As at 31 December 2020

| | Note | 31 Dec 20 \$ | 30 June 20 \$ |
|----------------------------------|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,221,534 | 341,984 |
| Trade and other receivables | | 49,819 | 34,676 |
| Other assets | | 6,207 | - |
| Total current assets | | <u>1,277,560</u> | <u>376,660</u> |
| Non-current assets | | | |
| Intangibles | | 1,000 | 1,000 |
| Total non-current assets | | <u>1,000</u> | <u>1,000</u> |
| Total assets | | <u>1,278,560</u> | <u>377,660</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 58,420 | 359,263 |
| Total current liabilities | | <u>58,420</u> | <u>359,263</u> |
| Total liabilities | | <u>58,420</u> | <u>359,263</u> |
| Net assets | | <u>1,220,140</u> | <u>18,397</u> |
| Equity | | | |
| Issued capital | 4 | 1,538,300 | 401,800 |
| Accumulated losses | | <u>(318,160)</u> | <u>(383,403)</u> |
| Total equity | | <u>1,220,140</u> | <u>18,397</u> |

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

Argenica Therapeutics Limited
Statement of changes in equity
For the half-year ended 31 December 2020

| | Note | Issued capital \$ | Accumulated losses \$ | Total equity \$ |
|--|------|-------------------------|-----------------------------|--------------------|
| Balance at 20 November 2019 (Date of incorporation) | | - | - | - |
| Loss after income tax expense for the period | | - | (200) | (200) |
| Other comprehensive income for the period, net of tax | | - | - | - |
| Total comprehensive loss for the period | | - | (200) | (200) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | | 279,200 | - | 279,200 |
| Balance at 31 December 2019 | | <u>279,200</u> | <u>(200)</u> | <u>279,000</u> |
| | | | | |
| | | Issued capital \$ | Accumulated losses \$ | Total equity \$ |
| Balance at 1 July 2020 | | 401,800 | (383,403) | 18,397 |
| Profit after income tax expense for the period | | - | 65,243 | 65,243 |
| Other comprehensive income for the period, net of tax | | - | - | - |
| Total comprehensive profit for the period | | - | 65,243 | 65,243 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | 4 | 1,136,500 | - | 1,136,500 |
| Balance at 31 December 2020 | | <u>1,538,300</u> | <u>(318,160)</u> | <u>1,220,140</u> |

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

Argenica Therapeutics Limited
Statement of cash flows
For the half-year ended 31 December 2020

| | Note | 31 Dec 20 \$ | 31 Dec 19 \$ |
|--|------|-------------------------|-----------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 145,000 | - |
| Payments to suppliers and consultants (inclusive of GST) | | <u>(553,134)</u> | <u>(200)</u> |
| | | (408,134) | (200) |
| Interest received | | 72 | - |
| Interest and other finance costs paid | | (10) | - |
| Withholding tax refund | | 101 | - |
| Income tax paid | | (54) | - |
| Research and development tax rebate received | | <u>151,075</u> | <u>-</u> |
| Net cash (used in) operating activities | | <u>(256,950)</u> | <u>(200)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares (net of transaction costs) | | 1,136,500 | 200 |
| Proceeds from unissued shares | | <u>-</u> | <u>279,000</u> |
| Net cash from financing activities | | <u>1,136,500</u> | <u>279,200</u> |
| Net increase in cash and cash equivalents | | 879,550 | 279,000 |
| Cash and cash equivalents at the beginning of the financial period | | <u>341,984</u> | <u>-</u> |
| Cash and cash equivalents at the end of the financial period | | <u><u>1,221,534</u></u> | <u><u>279,000</u></u> |

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

Argenica Therapeutics Limited
Notes to the financial statements
31 December 2020

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020.

The principal accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period, unless otherwise stated below.

Revenue recognition

R&D Rebate

Research and development tax incentive income is recognised at a point in time when it is received or when the right to receive payment is established.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

Comparatives

The comparative information reflects the financial period from the company's date of incorporation on 20 November 2019 to 31 December 2019.

Note 2. Operating segments

The company identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Board of Directors.

The company is currently operating in one business segment being research and development of medical device technology and one geographic segment being Australia.

Note 3. Revenue

| | 31 Dec 20 | 31 Dec 19 |
|---------------------|----------------|-----------|
| | \$ | \$ |
| <i>Other income</i> | | |
| Grant | 145,000 | - |
| R&D rebate | 151,075 | - |
| Interest income | 72 | - |
| Total | <u>296,147</u> | <u>-</u> |

Argenica Therapeutics Limited
Notes to the financial statements
31 December 2020

Note 4. Issued capital

| | 31 Dec 20 | 31 Dec 20 | 30 June 20 | 30 June 20 |
|------------------------------|-------------------|------------------|-------------------|-------------------|
| | Shares | \$ | Shares | \$ |
| Ordinary shares - fully paid | <u>37,872,250</u> | <u>1,538,300</u> | <u>26,000,000</u> | <u>401,800</u> |

Movements in ordinary share capital
Details

| | Date | Shares | Issue price | \$'000 |
|--|------------------|-------------------|--------------------|------------------|
| Opening balance on 1 July 2020 | | 26,000,000 | - | 401,800 |
| Issue of shares – placement | 13 October 2020 | 3,750,000 | \$0.08 | 300,000 |
| Issue of shares – placement | 17 December 2020 | 2,912,500 | \$0.08 | 233,000 |
| Issue of shares – capital raising fee | 17 December 2020 | 213,750 | \$0.08 | 17,100 |
| Issue of shares – placement | 31 December 2020 | 4,828,000 | \$0.125 | 603,500 |
| Issue of shares – capital raising fee | 31 December 2020 | 168,000 | \$0.125 | 21,000 |
| Share issue transaction costs, net of tax | | | | <u>(38,100)</u> |
| Closing balance on 31 December 2020 | | <u>37,872,250</u> | | <u>1,538,300</u> |

Note 5. Commitments

There are no material changes to commitments since 30 June 2020.

Note 6. Contingent assets or liabilities

There were no material changes to contingent liabilities or assets since 30 June 2020.

Note 7. Dividends

The directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2020.

Note 8. Matters subsequent to the end of the financial half-year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

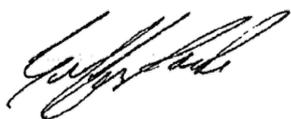
Argenica Therapeutics Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Geoff Pocock
Director

16 March 2021
Perth



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Argenica Therapeutics Limited (the Company), which comprises statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argenica Therapeutics Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

THE POWER OF BEING UNDERSTOOD
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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Argenica Therapeutics Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Argenica Therapeutics Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'Tutu Phong'.

TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2021