

Argenica Therapeutics Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Argenica Therapeutics Limited
ABN:	78 637 578 753
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

				\$
Income	down	12%	to	260,428
Loss for the period	down	2775%	to	1,745,409
Loss to the owners of Argenica Therapeutics Limited	down	2775%	to	1,745,409

Dividends

No interim dividend was paid or declared for the period ended 31 December 2021.

Comments

The loss for the company amounted to \$1,745,409 (31 December 2020: profit of \$65,243).

Review of operations

The loss for the company after providing for income tax amounted to \$1,745,409 (31 December 2020: profit of \$65,243).

Revenue during the period included a \$259,098 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 corporate and administration expenses.

Operating cash outflows for the half-year increased to \$1,828,742 (31 December 2020: \$256,950) as the company increased its research and development activities following a \$7,000,000 IPO capital raising in June 2021. Financing cash outflows for the period were \$8,852 being share issue transaction costs.

The company had a net asset position at 31 December 2021 of \$5,334,402 (31 December 2020: \$1,220,140). The net asset position included \$5,306,601 of cash and cash equivalents following completion of the IPO in June 2021 and a \$1,000 intangible asset being intellectual property associated with a neuroprotective therapeutic drug. On 14 February 2020, 10,000,000 ordinary shares were issued to the Intellectual Property vendors pursuant to an Assignment of Intellectual Property Agreement with the University of Western Australia and the Perron Institute for Neurological and Translational Science Ltd to assign the Intellectual Property associated with a neuroprotective therapeutic drug to the company, at an issue price of \$0.0001 per share and a total transaction value of \$1,000. The company has used the cash and assets in a form readily convertible to cash that it had at the time of admission to the ASX in a way consistent with its business objectives up to 31 December 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It had limited 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.

Argenica Therapeutics Limited
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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>7.22</u>	<u>3.22</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

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

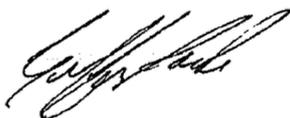
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Argenica Therapeutics Limited for the half-year ended 31 December 2021 is attached.

9. Signed



Signed _____

Date: 22 February 2022

Geoff Pocock
Director
Perth

Argenica Therapeutics Limited

ABN 78 637 578 753

Interim Report – 31 December 2021

Argenica Therapeutics Limited
Directors' report
31 December 2021

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 2021.

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 Liddy McCall
Mr Terry Budge

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 loss for the company after providing for income tax amounted to \$1,745,409 (31 December 2020: profit of \$65,243).

Revenue during the period included a \$259,098 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 corporate and administration expenses.

Operating cash outflows for the half-year increased to \$1,828,742 (31 December 2020: \$256,950) as the company increased its research and development activities following a \$7,000,000 IPO capital raising in June 2021. Financing cash outflows for the period were \$8,852 being share issue transaction costs.

The company had a net asset position at 31 December 2021 of \$5,334,402 (31 December 2020: \$1,220,140). The net asset position included \$5,306,601 of cash and cash equivalents following completion of the IPO in June 2021 and a \$1,000 intangible asset being intellectual property associated with a neuroprotective therapeutic drug. On 14 February 2020, 10,000,000 ordinary shares were issued to the Intellectual Property vendors pursuant to an Assignment of Intellectual Property Agreement with the University of Western Australia and the Perron Institute for Neurological and Translational Science Ltd to assign the Intellectual Property associated with a neuroprotective therapeutic drug to the company, at an issue price of \$0.0001 per share and a total transaction value of \$1,000. The company has used the cash and assets in a form readily convertible to cash that it had at the time of admission to the ASX in a way consistent with its business objectives up to 31 December 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It had limited 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.

Argenica Therapeutics Limited
Directors' report
31 December 2021

Matters subsequent to the end of the financial half-year

On 4 January 2022, the company issued 300,000 options over ordinary shares with an exercise price of \$1.10 per option and an expiry date of 1 April 2024 under the company's Employee Incentive Plan.

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 the potential impact on manufacturing, supply chain, access to hospitals and trial facilities and 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 2021 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.

Rounding of amounts

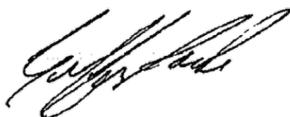
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

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

22 February 2022
Perth



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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 2021, 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.

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TUTU PHONG
Partner

Perth, WA
Dated: 22 February 2022

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Argenica Therapeutics Limited

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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

Unit 4, 117 Broadway
Nedlands WA 6009

Principal place of business

Unit 4, 117 Broadway
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 22 February 2022.

Argenica Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	31 Dec 21 \$	31 Dec 20 \$
Revenue			
Other income	3	260,428	296,147
Expenses			
Administration and corporate expenses		(276,625)	(85,241)
Employee expenses		(402,515)	(16,496)
Research and development costs		(1,081,863)	(129,103)
Finance costs		(73)	(10)
Share based payments		(244,761)	-
Profit / (Loss) before income tax expense		(1,745,409)	65,297
Income tax expense		-	(54)
Profit / (Loss) after income tax expense for the period attributable to the owners of Argenica Therapeutics Limited		(1,745,409)	65,243
Other comprehensive income for the period, net of tax		-	-
Total comprehensive profit / (loss) for the period attributable to the owners of Argenica Therapeutics Limited		<u>(1,745,409)</u>	<u>65,243</u>
		Cents	Cents
Basic earnings per share		(2.39)	0.23
Diluted earnings per share		(2.39)	0.23

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 2021

	Note	31 Dec 21 \$	30 June 21 \$
Assets			
Current assets			
Cash and cash equivalents		5,306,601	7,144,195
Other receivables		85,256	127,272
Total current assets		<u>5,391,857</u>	<u>7,271,467</u>
Non-current assets			
Intangibles		1,000	1,000
Total non-current assets		<u>1,000</u>	<u>1,000</u>
Total assets		<u>5,392,857</u>	<u>7,272,467</u>
Liabilities			
Current liabilities			
Trade and other payables		42,769	418,529
Employee benefits		15,685	7,191
Total current liabilities		<u>58,454</u>	<u>425,720</u>
Total liabilities		<u>58,454</u>	<u>425,720</u>
Net assets		<u>5,334,402</u>	<u>6,846,747</u>
Equity			
Issued capital	4	8,039,316	8,051,013
Reserves		453,399	208,638
Accumulated losses		<u>(3,158,313)</u>	<u>(1,412,904)</u>
Total equity		<u>5,334,402</u>	<u>6,846,747</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 2021

Note	Issued capital \$	Reserves \$	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	1,136,500	-	-	1,136,500
Balance at 31 December 2020	<u>1,538,300</u>	<u>-</u>	<u>(318,160)</u>	<u>1,220,140</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	8,051,013	208,638	(1,412,904)	6,846,747
Loss after income tax expense for the period	-	-	(1,745,409)	(1,745,409)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,745,409)	(1,745,409)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	(11,697)	-	-	(11,697)
Share based payments	-	244,761	-	244,761
Balance at 31 December 2021	<u>8,039,316</u>	<u>453,399</u>	<u>(3,158,313)</u>	<u>5,334,402</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 2021

	Note	31 Dec 21 \$	31 Dec 20 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	145,000
Payments to suppliers and consultants (inclusive of GST)		<u>(2,089,096)</u>	<u>(553,134)</u>
		(2,089,096)	(408,134)
Interest received		1,330	72
Interest and other finance costs paid		(73)	(10)
Withholding tax refund		-	101
Income tax paid		-	(54)
Research and development tax rebate received		<u>259,098</u>	<u>151,075</u>
Net cash used in operating activities		<u>(1,828,742)</u>	<u>(256,950)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	1,174,600
Share issue costs		<u>(8,852)</u>	<u>(38,100)</u>
Net cash from/(used in) financing activities		<u>(8,852)</u>	<u>1,136,500</u>
Net increase/(decrease) in cash and cash equivalents		(1,837,594)	879,550
Cash and cash equivalents at the beginning of the financial period		<u>7,144,195</u>	<u>341,984</u>
Cash and cash equivalents at the end of the financial period		<u><u>5,306,601</u></u>	<u><u>1,221,534</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 2021

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 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 Accounting Standard 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 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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.

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 21	31 Dec 20
	\$	\$
<i>Other income</i>		
Grants	-	145,000
Research and development tax rebate	259,098	151,075
Interest income	1,330	72
Total	<u>260,428</u>	<u>296,147</u>

Argenica Therapeutics Limited
Notes to the financial statements
31 December 2021

Note 4. Equity - Issued capital

	31 Dec 21 Shares	31 Dec 21 \$	30 June 21 Shares	30 June 21 \$
Ordinary shares - fully paid	<u>73,172,250</u>	<u>8,039,316</u>	<u>73,172,250</u>	<u>8,051,013</u>

Movements in ordinary share capital
Details

Date	Shares	Issue price	\$
Opening balance on 1 July 2021	73,172,250	-	8,051,013
Share issue transaction costs, net of tax	<u>-</u>	<u>-</u>	<u>(11,697)</u>
Closing balance on 31 December 2021	<u>73,172,250</u>		<u>8,039,316</u>

31 Dec 2021 \$	30 Jun 2021 \$
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Note 5. Equity - reserves

Option reserve	<u>453,399</u>	<u>208,638</u>
	<u>453,399</u>	<u>208,638</u>

Option reserve

The option reserve records items recognised as expenses on the valuation of share options.

Movements in reserves

Movements in reserves during the half-year are set out below:

	No of Options	Value \$
Balance at 1 July 2021	8,300,000	208,638
<i>Prior period options vesting over multiple periods</i>	-	179,743
<i>New options issued during the half-year</i>		
- Options issued to corporate advisor	800,000	65,018
Balance at 31 December 2021	<u>9,100,000</u>	<u>453,399</u>

Note 6. Commitments

There are no material changes to commitments since 30 June 2021.

Note 7. Contingent assets or liabilities

There were no material changes to contingent liabilities or assets since 30 June 2021.

Note 8. Dividends

The directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2021.

Note 9. Matters subsequent to the end of the financial half-year

On 4 January 2022, the company issued 300,000 options over ordinary shares with an exercise price of \$1.10 per option and an expiry date of 1 April 2024 under the company's Employee Incentive Plan.

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 the potential impact on manufacturing, supply chain access to hospitals and trial facilities and 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 2021 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 2021

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 2021 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

22 February 2022
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 2021, 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 2021 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.

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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 2021 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*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 22 February 2022