

1. Company details

Name of entity:	Noxopharm Limited
ABN:	50 608 966 123
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

			\$
Loss from ordinary activities after tax attributable to the owners of Noxopharm Limited	down	76.2% to	(3,578,117)
Loss for the year attributable to the owners of Noxopharm Limited	down	76.2% to	(3,578,117)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$3,578,117 (30 June 2023: \$15,056,373).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.88</u>	<u>3.10</u>

4. Loss of control over entities

Not applicable.

5. Dividends

Current period

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

Previous period

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

6. Dividend reinvestment plans

Not applicable.

7. Audit qualification or review

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

The preliminary final report is unaudited.

8. Attachments

Details of attachments (if any):

The Preliminary Final Report of Noxopharm Limited for the year ended 30 June 2024 is attached.

9. Signed

A handwritten signature in black ink, appearing to be 'F. Bart'.

Signed _____

Date: 29 August 2024

Fred Bart

Noxopharm Limited

ABN 50 608 966 123

Preliminary Final Report - 30 June 2024

Principal activities

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,578,117 (30 June 2023: loss of \$15,056,373).

During the financial year, the consolidated entity has:

- Prioritised the allocation of resources to the development of the Chroma™ and Sofra™ programs. Noxopharm's preclinical portfolio and the opportunity to enter new and emerging clinical markets offered a strong level of risk mitigation for the company along with increased out-licensing opportunities, and reflected the best use of shareholder funds to maximise value.
- Signed several Material Transfer Agreements (MTAs) with a range of mid-size to multibillion-dollar companies in order for them to evaluate the potential of Noxopharm's Sofra platform. The companies are testing a number of novel and proprietary assets from the platform which contains, among others, the SOF-VAC™ mRNA vaccine enhancer and SOF-SKN™ lupus medication. Each company is investing its own time and resources to perform the studies required to assess the potential of the assets, and a variety of use cases are being explored.
- Scaled up production of the preclinical SOF-SKN lupus medication to the quality standards that will be required for upcoming regulatory submissions. Noxopharm also selected an optimised lead drug candidate and commenced work on formulation and optimal dosing to maximise SOF-SKN's efficacy and tolerability in patients with autoimmune disease.
- Announced new data showing that the SOF-VAC mRNA vaccine enhancer significantly reduces inflammation driven by mRNA in an animal model. This was an important finding as many side effects of mRNA vaccines are due to inflammation. The mRNA market has significant potential and growth prospects, with increasing interest worldwide in the ability of mRNA technology to target various diseases.
- Secured Orphan Drug Designation (ODD) status from the US Food and Drug Administration for the company's CRO-67 preclinical drug candidate, for the treatment of pancreatic cancer. CRO-67's designation as an orphan drug supports the company's development plan for the asset, and its future commercial value, as Noxopharm continues to build the data package that will be required for regulatory progression.
- Announced further encouraging preclinical data from the proprietary novel CRO-67 dual-cell therapy drug developed under its Chroma platform, which is effective in killing both pancreatic cancer cells and their barrier cells to achieve a more profound anti-cancer treatment outcome. CRO-67 significantly reduced tumour volume *in vivo* by an average of 56.7% versus the untreated controls, and slowed down the rate at which the tumours grew by 48%.
- Received \$100,000 from Tour de Cure to progress encouraging preclinical work on a novel first-in-class brain cancer drug, in conjunction with the University of South Australia.
- Taken various actions to reduce expenditure across the business by streamlining operations and focusing investments following the restructure in late 2023 with the closure of the Veyonda clinical trials. This saw a reduction in operating expenses from \$16.7M in 2023 to \$7M for the current year.
- Renewed its strategic partnership with Hudson Institute of Medical Research for a further 12 months. The partnership and in-licensed technology are key components of the company's Sofra platform, via which Noxopharm is building a promising portfolio of assets.
- Utilised short term borrowings which were repaid in full on receipt of the 2023 research and development rebate.

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7

General information

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

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

Registered Office:

Level 5
126 Phillip Street
SYDNEY NSW 2000

Principal Place of Business:

60 Linksley Ave
Glenhaven NSW 2156

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2024. The directors have the power to amend and reissue the financial statements.

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



	Note	Consolidated 2024 \$	2023 \$
Income			
Other income	5	2,407,206	6,092,595
Net gain/ (loss) on investment at fair value through profit and loss	8	1,047,771	(4,452,981)
Expenses			
Corporate administration expenses	6	(1,099,009)	(1,669,278)
Research and development expenses		(2,935,087)	(10,646,584)
Depreciation and amortisation expenses		(1,743)	(154,534)
Consulting, employee & director expenses	6	(2,966,095)	(4,184,596)
Finance costs	6	(31,160)	(40,995)
Loss before income tax expense		(3,578,117)	(15,056,373)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Noxopharm Limited		(3,578,117)	(15,056,373)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Noxopharm Limited		<u>(3,578,117)</u>	<u>(15,056,373)</u>
		Cents	Cents
Basic earnings per share		(1.22)	(5.15)
Diluted earnings per share		(1.22)	(5.15)

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

Noxopharm Limited
Statement of financial position
As at 30 June 2024



	Note	Consolidated 2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents		2,319,927	3,008,674
Trade and other receivables	7	2,403,790	6,084,656
Prepayments		44,549	65,657
Total current assets		<u>4,768,266</u>	<u>9,158,987</u>
Non-current assets			
Financial assets at fair value through profit and loss	8	2,009,824	962,052
Plant and equipment		5,668	7,411
Total non-current assets		<u>2,015,492</u>	<u>969,463</u>
Total assets		<u>6,783,758</u>	<u>10,128,450</u>
Liabilities			
Current liabilities			
Trade and other payables	9	917,644	716,981
Employee benefits		328,751	245,167
Total current liabilities		<u>1,246,395</u>	<u>962,148</u>
Non-current liabilities			
Employee benefits		42,219	93,041
Total non-current liabilities		<u>42,219</u>	<u>93,041</u>
Total liabilities		<u>1,288,614</u>	<u>1,055,189</u>
Net assets		<u>5,495,144</u>	<u>9,073,261</u>
Equity			
Issued capital	10	74,635,721	74,635,721
Reserves	11	929,766	6,498,058
Accumulated losses		(70,070,343)	(72,060,518)
Total equity		<u>5,495,144</u>	<u>9,073,261</u>

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

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



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	74,635,721	8,285,254	(58,803,031)	24,117,944
Loss after income tax expense for the year	-	-	(15,056,373)	(15,056,373)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(15,056,373)	(15,056,373)
<i>Transactions with owners in their capacity as owners:</i>				
Vesting of share based payments	-	11,690	-	11,690
Expiry of options	-	(1,798,886)	1,798,886	-
Balance at 30 June 2023	<u>74,635,721</u>	<u>6,498,058</u>	<u>(72,060,518)</u>	<u>9,073,261</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	74,635,721	6,498,058	(72,060,518)	9,073,261
Loss after income tax expense for the year	-	-	(3,578,117)	(3,578,117)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,578,117)	(3,578,117)
<i>Transactions with owners in their capacity as owners:</i>				
Expiry of options	-	(5,568,292)	5,568,292	-
Balance at 30 June 2024	<u>74,635,721</u>	<u>929,766</u>	<u>(70,070,343)</u>	<u>5,495,144</u>

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

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



	Consolidated	
	2024	2023
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(6,713,004)	(16,045,301)
Interest received	6,930	85,797
Receipt from R&D tax rebate	6,052,925	5,011,681
Receipts from Government Grants	-	25,000
	<u>(653,149)</u>	<u>(10,922,823)</u>
Interest and other finance costs paid	(31,161)	(23,522)
Net cash used in operating activities	<u>(684,310)</u>	<u>(10,946,345)</u>
Cash flows from investing activities		
Proceeds from release of security deposits	-	123,512
Net cash from investing activities	<u>-</u>	<u>123,512</u>
Cash flows from financing activities		
Proceeds from related party borrowings	2,000,000	-
Repayment of related party borrowings	(2,000,000)	-
Lease Payments - building	-	(178,095)
Net cash used in financing activities	<u>-</u>	<u>(178,095)</u>
Net decrease in cash and cash equivalents	(684,310)	(11,000,928)
Cash and cash equivalents at the beginning of the financial year	3,008,674	14,010,668
Effects of exchange rate changes on cash and cash equivalents	(4,437)	(1,066)
Cash and cash equivalents at the end of the financial year	<u><u>2,319,927</u></u>	<u><u>3,008,674</u></u>

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

Note 1. General information

This Preliminary Final Report has been prepared in accordance with ASX Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. As such, this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2024 and any ASX announcements made by the Company during the period.

Note 2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out either in the respective notes or 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.

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

New or amended Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations is that none are deemed to have a material impact on the entity

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies.

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

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

Principles of consolidation

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

Note 2. Material accounting policy information (continued)

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

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

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

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

Other Income recognition

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

Government research and development tax incentives

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

Research and development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably, the asset is available for use or sale, the Company can demonstrate there is a market for the asset, expenditures for the development of the asset can be reliably measured and the Company has the necessary assets to complete the development and to use and sell the asset.

Note 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Research and Development Rebate

With the successful track record of the consolidated entity in obtaining the Research and Development rebate from the ATO, the estimated 2024 rebate for \$2.3M has been accrued into income for the year ended 30 June 2024 (2023: \$5.9M).

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

Non-recognition of carried forward tax losses

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

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

Fair value measurement hierarchy

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Valuation of investment in Nyrada Inc.

Nyrada Inc. ordinary shares (level 1): The 33,373,245 Nyrada ordinary shares held by the consolidated entity were valued at fair value, using the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. The price used for valuing these ordinary shares was the ASX listed market price of 5.9 cents as at 30 June 2024.

Nyrada Inc. performance shares (level 3): The 12,000,600 Nyrada performance shares were externally valued considering Level 3 hierarchy fair value inputs such as - the spot price of 5.9 cents, a risk free interest rate of 4.085% (based on Australian government bond rate as a proxy), a historical volatility factor of 138.97% and the Monte Carlo approach for estimating the probability of the market based vesting conditions being achieved. The milestones to be achieved for each tranche is as follows:

Tranche 1:

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

Tranche 2:

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

Both tranches of options expire 25 November 2024.

Note 4. Operating segments

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

Note 5. Income

	Consolidated	
	2024	2023
	\$	\$
Interest income	6,930	82,509
Federal Government Grants	-	25,000
R&D tax incentives [^]	<u>2,400,276</u>	<u>5,985,086</u>
Income	<u><u>2,407,206</u></u>	<u><u>6,092,595</u></u>

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

Note 6. Expenses

	Consolidated	
	2024	2023
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Corporate Administration expenses</i>		
Corporate administration expenses	708,279	719,705
Audit, accounting and company secretarial fees	191,509	176,112
Insurances	75,927	423,903
Legal fees	26,721	63,224
Loss on disposal plant and equipment	-	59,939
ASX and filing fees	38,635	64,273
Marketing and advertising	57,938	192,122
	1,099,009	1,699,278
<i>Consulting, Employee and Director Expenses</i>		
Consulting expenses	-	20,418
Employee related expenses	2,541,065	3,642,361
Superannuation and other employee related expenses	275,030	355,343
Director expenses (excluding executive directors)	150,000	154,784
Share-based payment expense - Noxopharm Limited ^	-	11,690
	2,966,095	4,184,596
<i>Finance costs</i>		
Interest and finance charges paid/payable	31,160	40,995

Note 7. Current assets - trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
GST receivable	35,419	108,635
R&D rebate receivable	2,323,371	5,976,021
Consulting fee receivable	45,000	-
	2,403,790	6,084,656

Note 8. Non-current assets - financial assets at fair value through profit and loss

	Consolidated	
	2024	2023
	\$	\$
Investment in Nyrada Inc.- ordinary shares	1,969,022	934,451
Investment in Nyrada Inc.- performance shares	40,802	27,601
	2,009,824	962,052

Refer to note 14 for further information on fair value measurement.

Note 8. Non-current assets - financial assets at fair value through profit and loss (continued)

The investment in Nyrada Inc. ("Nyrada") is the fair value as at 30 June 2024 related to 33,373,245 Nyrada shares received and held upon Nyrada's listing on the ASX, and the fair value as at 30 June 2024 related to the 12,000,600 performance shares received and held at 30 June 2024.

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

During the year, the fair value of the investment in Nyrada increased by \$1,047,742, with this amount recognised through profit and loss.

Note 9. Current liabilities - trade and other payables

	Consolidated	
	2024	2023
	\$	\$
Trade and other payables	649,446	447,948
Accrued expenses	186,076	168,416
Bank credit cards	9,182	21,292
Other payables	72,940	79,325
	<u>917,644</u>	<u>716,981</u>

Refer to note 13 for further information on financial instruments.

Note 10. Equity - issued capital

	Consolidated			
	2024	2023	2024	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>292,237,950</u>	<u>292,237,950</u>	<u>74,635,721</u>	<u>74,635,721</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2022	292,237,950	74,635,721
Balance	1 July 2023	<u>292,237,950</u>	<u>74,635,721</u>
Balance	30 June 2024	<u>292,237,950</u>	<u>74,635,721</u>

Note 11. Equity - reserves

	Consolidated	
	2024	2023
	\$	\$
Options reserve	<u>929,766</u>	<u>6,498,058</u>

Option reserve

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

Note 12. Equity - dividends

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

Note 13. Financial instruments

Financial risk management objectives

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

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

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

	Consolidated	
	2024	2023
	\$	\$
Cash and cash equivalents	2,319,927	3,008,674
Trade and other payables	(917,643)	(716,981)
Investment in Nyrada ordinary shares	1,969,022	934,451
Investment in Nyrada performance shares	40,802	27,601
	<u>3,412,108</u>	<u>3,253,745</u>

Price risk

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

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

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

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

Consolidated - 2024	% change	Average price increase		Average price decrease		
		Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Nyrada Inc. ordinary shares	20%	393,804	393,804	(20%)	(328,170)	(328,170)
Nyrada Inc. performance shares -Tranche 1	20%	4,080	4,080	(20%)	(3,400)	(3,400)
Nyrada Inc. performance shares -Tranche 2	20%	4,080	4,080	(20%)	(3,400)	(3,400)
		<u>401,964</u>	<u>401,964</u>		<u>(334,970)</u>	<u>(334,970)</u>

Note 13. Financial instruments (continued)

Consolidated - 2023	% change	Average price increase		Average price decrease		
		Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Nyrada Inc. ordinary shares	20%	186,890	186,890	(20%)	(155,742)	(155,742)
Nyrada Inc. performance shares -Tranche 1	20%	2,760	760	(20%)	(2,300)	(2,300)
Nyrada Inc. performance shares -Tranche 2	20%	2,760	2,760	(20%)	(2,300)	(2,300)
		<u>192,410</u>	<u>190,410</u>		<u>(160,342)</u>	<u>(160,342)</u>

Liquidity risk

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

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

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

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 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 payables	-	649,446	-	-	-	649,446
Other payables	-	259,016	-	-	-	259,016
Total non-derivatives		<u>908,462</u>	-	-	-	<u>908,462</u>

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	447,948	-	-	-	447,948
Other payables	-	247,742	-	-	-	247,742
Total non-derivatives		<u>695,690</u>	-	-	-	<u>695,690</u>

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

Fair value of financial instruments

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

Note 14. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Nyrada Inc. ordinary shares	1,969,022	-	-	1,969,022
Nyrada Inc. performance shares	-	-	40,802	40,802
Total assets	1,969,022	-	40,802	2,009,824

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

There were no transfers between levels during the financial year.

Accounting policy for fair value measurement

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

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.

Note 14. Fair value measurement (continued)

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

Nyrada ordinary shares (level 1): The 33,373,245 Nyrada ordinary shares held by the consolidated entity were valued at fair value, using the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. The price used for valuing these ordinary shares was the ASX listed market price of 5.9 cents as at 30 June 2024 (2023: 2.8 cents).

Nyrada performance shares (level 3): The 12,000,600 Nyrada performance shares were externally valued considering Level 3 hierarchy fair value inputs such as - the spot price of 5.9 cents (2023: 2.8 cents), a risk free interest rate of 4.085% (2023: 4.175%) (based on Australian government bond rate as a proxy), a historical volatility factor of 138.97% (2023: 103.16%) and the Monte Carlo approach for estimating the probability of the market based vesting conditions being achieved. The inputs used in the current period valuation reflect the maturity date of 25 November 2024 for these performance shares.

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

Financial instruments with level 3 valuation techniques	Significant unobservable inputs	Estimated impact on fair value measurement
Nyrada performance shares - tranche 1	Volatility of returns of Nyrada CDI's	A +20% increase in the volatility will increase the value of the asset by \$4,080 and profit by \$4,080. A -20% decrease in the volatility will decrease the value of the asset by (\$3,400) and profit (\$3,400).
Nyrada performance shares - tranche 1	Risk free interest rate	A +/-20% movement in the risk free interest rate used in the valuation will have no material impact of on the fair value of the asset or profit.
Nyrada performance shares - tranche 2	Volatility of returns of Nyrada CDI's	A +20% increase in the volatility will increase the value of the asset by \$4,080 and profit by \$4,080 A -20% decrease in the volatility will decrease the value of the asset by (\$3,400) and profit (\$3,400).
Nyrada performance shares - tranche 2	Risk free interest rate	A +/-20% movement in the risk free interest rate used in the valuation will have no material impact of on the fair value of the asset or profit.

Note 15. Contingent liabilities and licence agreement

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

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

The licence agreement was extended for an additional twelve months during the year ended 30 June 2024.

Note 16. Related party transactions

Parent entity

Noxopharm Limited is the parent entity.

Transactions with related parties

There were no transactions with related parties during the reporting period.

Receivable from and payable to related parties

As at 30 June 2024 there is a trade receivable of \$45,000 owing from Audio Pixels Holdings Limited (a company which Fred Bart is the Chairman), for consulting services provided by Shawn van Boheemen.

Loans to/from related parties

On 30 August 2023, the Company signed an unsecured standby loan facility agreement with 4F Investments Pty Limited, a related party of Mr Frederic Bart (Chairman), for up to \$2,000,000. The interest rate on the facility was 16% per annum and was repayable on receipt of the 30 June 2023 ATO Research & Development income tax rebate claim. The loan facility was drawn down, with \$2,000,000 being receipted on 31 October 2023. The facility was then re-paid on 16 November 2023 upon receipt of the R&D income tax rebate claim. A \$10,000 establishment fee was incurred upon execution of the agreement, and \$14,027 in interest was incurred for the period in which the facility was drawn down. All costs were paid and there is no financial liability outstanding at 30 June 2024 in relation to the agreement.

Note 17. Matters subsequent to the end of the financial year

On 22 August 2024, the Company signed a secured loan agreement with Endpoints Capital Pty Ltd for up to \$1,858,697. This is advanced funding against the 20 June 2024 ATO Research and Development tax rebate claim to meet the Company's short term working capital requirements. The interest rate on this facility is 15.82% per annum and is repayable on receipt of the 30 June 2024 ATO tax rebate claim.

The financial statements are in the process of being audited. The annual report and financial statements are unlikely to be the subject of dispute or qualification.

Except as noted above, no 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.