

## 1. Company details

Name of entity:	Noxopharm Limited
ABN:	50 608 966 123
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

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## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	-	-
Loss from ordinary activities after tax attributable to the owners of Noxopharm Limited	down	3.3% to	(6,722,404)
Loss for the half-year attributable to the owners of Noxopharm Limited	down	3.3% to	(6,722,404)

### *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 and non-controlling interest amounted to \$6,722,404 (31 December 2019: \$6,949,944).

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## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>11.59</u>	<u>6.04</u>

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## 4. Control gained over entities

Not applicable.

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## 5. Loss of control over entities

Not applicable.

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## 6. 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.

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Nyrada Inc.	30.49%	-	(820,050)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(820,050)	-

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## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Currently all accounting policies of the Group are consistent with those adopted by its ultimate holding company, Noxopharm Limited.

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## 10. 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.

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## 11. Attachments

*Details of attachments (if any):*

The Interim Report of Noxopharm Limited for the half-year ended 31 December 2020 is attached.

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## 12. Signed



Signed \_\_\_\_\_

Date: 16 February 2021

# **Noxopharm Limited**

**ABN 50 608 966 123**

## **Interim Report - 31 December 2020**

### **Directors**

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

Mr. Frederick Bart, Non-Executive Chairman  
Dr. Graham Kelly, Chief Executive Officer and Managing Director  
Mr. Peter Marks, Non-Executive Director and Deputy Chairman  
Dr. Ian Dixon, Non-Executive Director (resigned 31 August 2020)  
Mr. Boris Patkin, Non-Executive Director

### **Principal activities**

The Company's principal activity in the course of the financial half-year continues to be drug development, with the primary focus being the clinical development of Veyonda® (NOX66) as an adjuvant therapy in chemotherapy and radiotherapy in the treatment of late-stage cancers.

There were no other significant changes in the nature of the Company's principal activity during the financial half-year.

### **Dividends**

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

### **Review of operations**

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$6,722,404 (31 December 2019: \$6,949,944).

During the period, the Company has carried out the following:

- Completed a capital raise with net proceeds of \$21.4M;
- Critical LuPIN study survival data submitted for February conference;
- IONIC study nears start, testing COLD to HOT tumour ability of Veyonda® to boost effectiveness of major immunology drug, Opdivo® (Bristol Myers Squibb);
- NOXCOVID-1 study successfully advances to final dosage cohort;
- DARRT-2 study planning accelerates;
- Noxopharm establishes Pharmorage Pty Ltd, a dedicated septic shock /autoimmune disease subsidiary;
- major non-dilutive boost to future funding delivered by Federal Government approval granted for future overseas R&D expenditure;
- Continued to develop a pipeline of drug candidates as part of a strategy of expanding the profile of the Company in the global pharmaceutical industry.

### **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.

### **Matters subsequent to the end of the financial half-year**

Since 31 December 2020, option holders have exercised a total of 6,329,950 options for gross proceeds of \$1,902,724.

Except as noted above, no matter or circumstance has arisen since 31 December 2020 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.

### **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



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16 February 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NOXOPHARM LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

*William Buck*  
**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

  
**N. S. Benbow**  
Director

Melbourne, 16 February 2020

**ACCOUNTANTS & ADVISORS**

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Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	16
Independent auditor's review report to the members of Noxopharm Limited	<b>Error! Bookmark not defined.</b>

## **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 half-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 is:

Suite 3 Level 4  
828 Pacific Highway  
GORDON NSW 2072

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 16 February 2021.

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



	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Interest income	396	6,805
Research service fees	5,000	-
Other income from government grants	50,000	-
Research and development tax incentive	1,300,000	3,762,255
<b>Expenses</b>		
Corporate administration expenses	(755,511)	(2,504,856)
Research and development expenses	(3,046,768)	(3,552,214)
Depreciation expense	(130,735)	(112,907)
Foreign exchange loss	(31,286)	(21,889)
Consulting, employee and director expenses	(3,525,519)	(3,574,780)
Finance costs	(853,192)	(1,679,838)
Fair value movement in derivative liability	1,085,261	-
Share of loss of Associate	(820,050)	-
<b>Loss before income tax expense</b>	<b>(6,722,404)</b>	<b>(7,677,424)</b>
Income tax expense	-	-
<b>Loss after income tax expense for the half-year</b>	<b>(6,722,404)</b>	<b>(7,677,424)</b>
Other comprehensive income for the half-year, net of tax	-	-
<b>Total comprehensive income for the half-year</b>	<b><u>(6,722,404)</u></b>	<b><u>(7,677,424)</u></b>
Loss for the half-year is attributable to:		
Non-controlling interest	-	(727,480)
Owners of Noxopharm Limited	(6,722,404)	(6,949,944)
	<b><u>(6,722,404)</u></b>	<b><u>(7,677,424)</u></b>
Total comprehensive income for the half-year is attributable to:		
Non-controlling interest	-	(727,480)
Owners of Noxopharm Limited	(6,722,404)	(6,949,944)
	<b><u>(6,722,404)</u></b>	<b><u>(7,677,424)</u></b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11 (3.14)	(5.64)
Diluted earnings per share	11 (3.14)	(5.64)

*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 31 December 2020**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		22,889,332	7,100,202
Trade and other receivables	4	6,086,696	4,646,649
Other assets	5	432,576	582,542
<b>Total current assets</b>		<u>29,408,604</u>	<u>12,329,393</u>
<b>Non-current assets</b>			
Loans advanced to associates		225,081	225,232
Investments accounted for using the equity method		5,719,030	6,539,080
Plant and equipment		163,540	192,499
Right-of-use assets		452,467	658,110
Term deposit pledged for bank guarantee		122,837	122,837
<b>Total non-current assets</b>		<u>6,682,955</u>	<u>7,737,758</u>
<b>Total assets</b>		<u>36,091,559</u>	<u>20,067,151</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,477,845	1,786,852
Borrowings	6	4,160,787	4,586,820
Employee benefits		367,493	311,968
<b>Total current liabilities</b>		<u>6,006,125</u>	<u>6,685,640</u>
<b>Non-current liabilities</b>			
Borrowings	7	244,251	413,290
Employee benefits		116,887	95,463
<b>Total non-current liabilities</b>		<u>361,138</u>	<u>508,753</u>
<b>Total liabilities</b>		<u>6,367,263</u>	<u>7,194,393</u>
<b>Net assets</b>		<u>29,724,296</u>	<u>12,872,758</u>
<b>Equity</b>			
Issued capital	8	58,681,479	41,631,007
Reserves		8,733,529	2,708,106
Accumulated losses		<u>(37,690,712)</u>	<u>(31,466,355)</u>
<b>Total equity</b>		<u>29,724,296</u>	<u>12,872,758</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 half-year ended 31 December 2020**



<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Non-controlling interest</b> <b>\$</b>	<b>Total deficiency in equity</b> <b>\$</b>
Balance at 1 July 2019	28,700,897	4,455,342	(33,256,914)	(1,349,794)	(1,450,469)
Loss after income tax expense for the half-year	-	-	(6,949,944)	(727,480)	(7,677,424)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(6,949,944)	(727,480)	(7,677,424)
Equity Reserve arising from the issue of convertible notes	-	2,038,182	-	-	2,038,182
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	1,390,000	-	-	188,000	1,578,000
Balance at 31 December 2019	<u>30,090,897</u>	<u>6,493,524</u>	<u>(40,206,858)</u>	<u>(1,889,274)</u>	<u>(5,511,711)</u>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Non-controlling interest</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2020	41,631,007	2,708,106	(31,466,355)	-	12,872,758
Loss after income tax expense for the half-year	-	-	(6,722,404)	-	(6,722,404)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(6,722,404)	-	(6,722,404)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	16,429,426	-	-	-	16,429,426
Vesting of share-based payments	-	6,645,776	18,247	-	6,664,023
Exercise of options	353,408	(140,553)	-	-	212,855
Conversion of collateral shares	267,638	-	-	-	267,638
Expiry of options	-	(479,800)	479,800	-	-
Balance at 31 December 2020	<u>58,681,479</u>	<u>8,733,529</u>	<u>(37,690,712)</u>	<u>-</u>	<u>29,724,296</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 half-year ended 31 December 2020**



	<b>Consolidated</b>	
<b>Note</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	2,200	-
Payments to suppliers and employees	(5,925,955)	(9,247,936)
Interest Paid - building	(19,485)	(19,206)
Interest received	396	6,776
Receipt from R&D tax rebate	-	3,762,255
Receipt from ATO tax concessions	50,000	-
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	(5,892,844)	(5,498,111)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	(2,999)
	<u>                    </u>	<u>                    </u>
Net cash used in investing activities	-	(2,999)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares, net of costs	8 21,887,618	590,000
Proceeds from issue of convertible notes, net of costs	-	5,586,988
Proceeds of issue of shares - Nyrada, net of costs	-	188,000
Repayment of convertible notes	-	(2,015,000)
Repayment of lease liabilities	(205,644)	(100,163)
	<u>                    </u>	<u>                    </u>
Net cash from financing activities	21,681,974	4,249,825
Net increase/(decrease) in cash and cash equivalents	15,789,130	(1,251,285)
Cash and cash equivalents at the beginning of the financial half-year	7,100,202	2,909,568
Effects of exchange rate changes on cash and cash equivalents	-	(6,966)
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial half-year	<u>22,889,332</u>	<u>1,651,317</u>

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

## **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 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 year and corresponding interim reporting period, except for the policies stated below.

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using the effective interest rate and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

### **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 consolidated entity has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020.

*AASB 2018-7* Amendments to Australian Accounting Standards – Definition of Material

*AASB 2018-6* Amendments to Australian Accounting Standards – Definition of a Business

Conceptual Framework for Financial Reporting 2018

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

**Note 2. 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.

*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 rebate for the 6 month's ended 31 December 2020 for \$1.3m has been accrued into income for this reporting period.

*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 Binomial 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.

*Non-recognition of carried forward tax losses*

The balance of future income tax benefit arising from tax losses and timing differences 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.

*Recognised fair value measurements - derivative liability*

The embedded derivative arises from the holder's conversion option, which is equivalent to a call option with an exercise price equal to the conversion price. Accordingly, to value the embedded derivative liability, the Black Scholes option valuation methodology was used. This methodology was used with the expectation that the conversion would occur at the termination date, and accordingly a European option pricing model is appropriate. The derivative liability relating to the convertible loan payable was externally valued at the loan conversion date (6 October 2020) and at 31 December 2020, using level 3 hierarchy fair value inputs as outlined in the following table.

	Underlying share price	Conversion price	Historical volatility	Expected volatility	Risk free interest rate	Effective interest rate (p.a.)	Expiry date
Key inputs for calculation @ conversion date:	\$0.385	\$0.3088	115.37%	80%	0.11%	10%	31 May 2020
Key inputs for calculation @ 31 December 2020:	\$0.490	\$0.5130	115.37%	80%	0.04%	10%	31 May 2020

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

The fair value movement in the derivative liability expensed through profit and loss for the period between the loan conversion date and 31 December 2020 was \$1,085,261.

**Note 3. 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 interim report.

**Note 4. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2020</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	34,139	8,776
Receivable from Nyrada Inc.	252,557	137,873
R&D tax incentive receivable	5,800,000	4,500,000
	<u>6,052,557</u>	<u>4,637,873</u>
	<u>6,086,696</u>	<u>4,646,649</u>

The R&D tax incentive receivable is comprised of \$4.5m accrued for the year ended 30 June 2020 and \$1.3m accrued for the six months ended 31 December 2020.

**Note 5. Current assets - other assets**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2020</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Prepayments	35,964	63,312
Research and development lab supplies (consumable assets)	396,612	519,230
	<u>432,576</u>	<u>582,542</u>

The research and development lab supplies are mainly materials that are used in the research and development process. These materials are recognised as an expense as and when they are utilised in the research and development process.

**Note 6. Current liabilities - Borrowings**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2020</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short term loan (2)	-	4,342,000
Derivative liability - convertible loan (2)	809,602	-
Convertible loan payable (2)	3,142,970	-
Lease liability (1)	208,215	244,820
	<u>4,160,787</u>	<u>4,586,820</u>

(1) The lease liability is in relation to the building lease and resulting from the implementation of AASB 16.

(2) On 12 February 2020, the company signed a \$5 million loan agreement with an existing Noxopharm shareholder, secured by the Company's anticipated 2020 R&D rebate. The loan interest rate is 10% p.a. capitalised with a termination date of the earlier of 10 business days after Noxopharm receives the R&D rebate, and 12 months from the date of the loan agreement. While not expected, if the borrowings under the loan are greater than the R&D rebate the company will use best endeavours to raise and hold liquid funds (cash) and repay the amount in cash. As a last resort Noxopharm can issue shares for the difference payable. If new shares are issued, the number of new shares issued will be calculated in accordance with the following formula:

$$A=B/C$$

Where:

A = number of new shares to be issued to the lender

B = the repayment by share issue amount; and

C = the new share price (\$0.18)

The actual amount drawn down under the loan agreement was \$4.2m (from the available facility amount of \$5m). The proceeds of the loan were used to extinguish existing convertible notes and repaid a total of \$4.16m to The Lind Partners, LLC and CST Investment Funds to reduce the convertible loan balance to zero.

On 17 November 2020, the shareholders voted to approve an amendment to the loan agreement dated 12 February 2020. The loan agreement was varied by:

- (a) an assignment agreement between the company, Goodridge Investments and Bart Superannuation; and
- (b) an assignment agreement between the company, Goodridge Investments and Link traders (Aust) Pty Limited.

The termination of the amended loan agreement is 31 May 2021, which may be extended by a further 6 months at the company's election.

The company must:

- (a) repay the relevant part of the loan amount (plus interest) to the relevant lenders on the termination date; or
- (b) each lender may elect for the company to repay the part of the loan amount (plus interest) owing to that lender by the issue of shares in the company to that lender (conversion). Note: Goodridge Investments is able to participate in the conversion option on any non-reassigned portion of the loan.

**Note 6. Current liabilities - Borrowings (continued)**

If a conversion occurs, the price per Share will be at a 5% discount to the price of Shares offered under the first equity raising by the Company of at least \$2,000,000 after 6 October 2020 (First Equity Raising), and if there is no First Equity Raising before the Termination Date, the price per Share will be at a 20% discount to the VWAP for the last 5 trading days on the ASX prior to the date of the Conversion (Loan Conversion Share Price).

At the date of assignment of the loan in November 2020, the value of principal and interest outstanding was \$4.59m.

The convertible loans are considered a financial liability as they are a contract that may or will be settled in cash, and are a derivative for which the company is or may be obliged to deliver a variable number of shares. The liability is split between financial liability for the debt portion and a derivative liability to account for the holder's option to convert. At 31 December 2020 the debt component was \$3.1m, and the fair value of the embedded derivative \$0.8m.

**Note 7. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2020</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Lease liability	244,251	413,290

The lease liability is in relation to the building lease and resulting from the implementation of AASB 16.

**Note 8. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December</b>	<b>30 June 2020</b>	<b>31 December</b>	<b>30 June 2020</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	256,490,836	213,200,580	58,681,479	41,631,007

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$</b>
Balance	1 July 2020	213,200,580	41,631,007
Conversion of collateral shares	22 July 2020	-	267,638
Issue of underwriter options	14 August 2020	-	(5,115,573)
Exercise of options	14 August 2020	40,000	12,000
Exercise of options	9 October 2020	976	293
Exercise of options	26 October 2020	784	235
Exercise of options	18 November 2020	650,000	339,086
Exercise of options	1 December 2020	5,571	1,694
Share placement	10 December 2020	42,592,592	21,544,999
Exercise of options	15 December 2020	333	100
Balance	31 December 2020	<u>256,490,836</u>	<u>58,681,479</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.



**Note 8. Equity - issued capital (continued)**

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.

**Note 9. Equity - dividends**

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

**Note 10. Events after the reporting period**

Since 31 December 2020, option holders have exercised a total of 6,329,950 options for gross proceeds of \$1,902,724.

Except as noted above, no matter or circumstance has arisen since 31 December 2020 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.

**Note 11. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(6,722,404)	(7,677,424)
Non-controlling interest	-	727,480
	<u>(6,722,404)</u>	<u>(6,949,944)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>213,791,188</u>	<u>123,143,473</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>213,791,188</u>	<u>123,143,473</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(3.14)	(5.64)
Diluted earnings per share	(3.14)	(5.64)

There are 70,480,439 options (2019: 20,243,216) issued and currently in the money that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

**Note 12. Share-based payments**

During the reporting period the Company has granted the following share-based payments:

- 1,050,000 options issued under the Noxopharm Employee Equity Plan as approved by the shareholders at the 2020 AGM; and
- 25,304,819 options were granted to the capital raise underwriter; and

**Note 12. Share-based payments (continued)**

- 3,000,000 options were granted to Frederick Bart; and
- 250,000 options were granted to a Boris Patkin.

For the options granted during the current financial half-year, 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
14/08/2020	14/08/2023	\$0.33	\$0.30	98.29%	-	0.12%	\$0.202
06/11/2020	06/11/2024	\$0.50	\$0.55	98.29%	-	0.12%	\$0.329
17/11/2020	15/12/2022	\$0.68	\$0.32	100.00%	-	0.10%	\$0.470
17/11/2020	15/12/2024	\$0.68	*	100.00%	-	0.19%	\$0.002

\* the exercise price is 20% premium to the VWAP for the last 14 days prior to exercise

A total share-based payment expense of \$57,715 has been recognised in relation to the above employee options issued.

A total share-based payment expense of \$5,111,573 has been recognised in relation to the above underwriter options issued. These costs were taken to the cost of capital raising and deducted from equity.

A total share-based payment expense of \$1,394,403 has been recognised in relation to the above directors options issued.

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 consolidated entity'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

A handwritten signature in black ink, appearing to be 'S. H. O.', written over a horizontal line.

16 February 2021

## Noxopharm Limited

### Independent auditor's review report

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Noxopharm Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 Noxopharm Limited is not in accordance with the *Corporations Act 2001* including:

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

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Responsibility of Management for the Half-year Financial Report

The directors of the Noxopharm Limited 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### ACCOUNTANTS & ADVISORS

Level 20, 181 William Street  
Melbourne VIC 3000

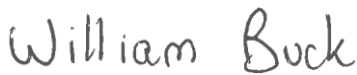
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### **Auditor's Responsibilities for the Review of the Half-year Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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*.

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.



**William Buck Audit (Vic) Pty Ltd**

ABN: 59 116 151 136



**N.S. Benbow**

Director

Melbourne, 16th February 2021

**ACCOUNTANTS & ADVISORS**

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## Corporate Directory

31 December 2020

Board of Directors	Frederick Bart, Non-Executive Chairman Graham Kelly, Chief Executive Officer and Managing Director Peter Marks, Non-Executive Director and Deputy Chairman Boris Patkin, Non-Executive Director
Company Secretary	David Franks
Registered Office	Suite 3, Level 4 828 Pacific Hwy Gordon, NSW 2072
Principal Place of Business	Suite 3, Level 4 828 Pacific Hwy Gordon, NSW 2072
Website	<a href="http://www.noxopharm.com">www.noxopharm.com</a>
Share Register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney, NSW 2000
Auditors	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street Melbourne, VIC 3000
Stock Exchange	Australian Securities Exchange 20 Bridge Street Sydney, NSW 2000
ASX Code	NOX