

## 1. Company details

Name of entity:	Exopharm Limited
ACN:	163 765 991
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

## 2. Results for announcement to the market

Revenues from ordinary activities	up	34%	to	\$ 53,095
Loss from ordinary activities after tax attributable to the owners of Exopharm Limited	up	58%	to	(5,866,942)
Loss for the half-year attributable to the owners of Exopharm Limited	up	58%	to	(5,866,942)

### Dividends

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

### Comments

The loss for the Company after providing for income tax amounted to \$5,866,942 (31 December 2019: \$3,706,360).

## 3. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	0.066	0.066

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 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

Not applicable.

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#### 9. Foreign entities

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

Not applicable.

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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 Financial Report.

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#### 11. Attachments

*Details of attachments (if any):*

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

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#### 12. Signed

Signed  \_\_\_\_\_

Dr Ian Dixon  
Managing Director  
Melbourne

Date: 26 February 2021



Exopharm Limited

ACN 163 765 991

Interim Financial Report - 31 December 2020

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Directors

Mr Jason Watson  
Dr Ian E Dixon  
Mr David R Parker (Resigned on 5 January 2021)  
Ms Elizabeth McGregor (Appointed on 5 January 2021)

Company secretaries

Ms Sinead Teague (Resigned on 5 January 2021)  
Ms Elizabeth McGregor (Appointed on 5 January 2021)

Registered office

C/o Bio101 Financial Advisory Pty Ltd  
Suite 201 697 Burke Road  
Camberwell VIC 3124

Principal place of business

Level 17/31 Queen Street  
Melbourne Vic 3000  
Telephone: (03) 9111 0026  
Email: info@exopharm.com

Share register

Automatic Registry Services Pty Ltd  
Level 5, 126 Philip Street  
Sydney NSW 2010  
Telephone: 1300 288 664  
Email: hello@automatic.com.au

Auditor

William Buck  
Level 20, 181 William Street  
Melbourne VIC 3000

Solicitors

Quinert Rodda & Associates  
Level 6, 400 Collins Street,  
Melbourne, VIC, 3000

Stock exchange listing

Exopharm Limited shares are listed on the Australian Securities Exchange  
(ASX code: EX1)

Your directors submit the interim financial report of Exopharm Limited for the half year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated:

Jason Watson	Non-Executive Chairman
Ian Dixon	Managing Director & CEO
Elizabeth McGregor	Director and Company Secretary (Appointed on 5 January 2021)
David Parker	Non-Executive Director (Resigned on 5 January 2021)

### Principal activities

Over the past 6 months, Exopharm has made important advances that strengthen its pioneering position in the emerging international EV medicines field.

The principal activities were ongoing partnering discussions and interactions, further development of the LEAP Technology, advancing the engineered EV prototypes including Fortrexo™ and Cognevo™, and other activities within the Development and Commercial Programs.

### Review of operations

The loss for the half-year ended 31 December 2020 amounted to \$5,866,942 compared to a loss of \$3,706,360 for the half-year ended 31 December 2019. The Company had cash in bank of \$7,854,400 as of 31 December 2020 (30 June 2020: \$1,742,920).

### Highlights from the reporting period

- EV medicines continue to attract partnering interest, and the promise of EV medicines has further support in the USA and elsewhere;
- Exopharm continues to build value across a number of programs;
- The PLEXOVAL II Phase I study was given ethics approval and all subject dosings were completed with no adverse events. Since the end of the half, the final follow-up visit occurred;
- Exopharm raised \$10 million through a placement;
- Exopharm continued to progress the development of engineered EVs and naïve EVs as potential transformative medicines;
- Exopharm has formed an Advisory Panel comprising scientific and business experts; and
- Exopharm's team continues to build – with a full-time team of 41 people – covering business development, innovation, manufacturing, process development, product development, new product evaluation and management. Employees have extensive biotechnology experience and previously worked for companies such as CSL, Polynovo, Opthea, Cynata, McKinsey & Company, Bayer, Amgen, Terumo and Zoetis.

### Building revenue by partnering

Exopharm is a clinical stage company at the forefront of developing transformative medicines based upon exosomes (EVs).

Exopharm is seeking to build a pipeline of forward revenue by providing potential partners with access to the following:

- our LEAP technology for purification of EV medicines;
- our Engineered EV products using our LOAD and EVPS technologies (e.g. Fortrexo and Cognevo); and
- our Naïve EV products (e.g. Plexaris™ and Cevaris™)

### LEAP partnering

The ability of LEAP to purify EVs economically was highlighted at the 2020 Exosome Based Therapeutic Development Summit to the participating leaders in engineered EV (EEV) drug development, biopharmaceutical companies and contract manufacturers.

Exopharm is preparing itself for LEAP partnerships – including through the establishment of a European office with two business development staff.

### EEV development and partnering

Industry interest in EEVs is building and partnership deals have been reported over the past 24 months.

In 2020, Exopharm in-licensed two technologies – LOAD and EVPS. With these two technologies, Exopharm is able to design and build advanced EEVs to support the needs of potential partners.

**EVPS and Fortrexo** – Our Fortrexo CoV EEVs have been designed to protect against SARS-CoV-2 infection. In other variants of EEVs, EVPS enables targeting of EVs to specific cell types, potentially empowering the delivery of medicines to hard-to-reach cells such as cells in the brain.

**LOAD and Fortrexo** – Our LOAD technology increases the number of nucleic acids that can be loaded into EEVs. As an example, we have designed and have made over 30 lead siRNAs that could potentially stop the replication of SARS-CoV-2.

### NEV development

During the reporting period, our PLEXOVAL II study started. Dosing was with allogeneic EVs, purified from platelets using the LEAP technology. Dosing for the double-blinded trial was completed during the reporting period, with no significant adverse events reported. The main readout of the PLEXOVAL II study will be safety. The study report is expected in the first quarter of CY 2021.

### **Patent applications**

The Company continues to progress the two existing LEAP technology patent applications and the Fortrexo patent application. The Company also filed a patent application for Exoria™, a novel EV dye useful for monitoring EVs during process and product testing. All patent applications are owned by Exopharm. The patent application for the LOAD technology, exclusively in-licensed in early 2020, continues to progress at the country level. The US patent for EVPS was granted in September 2020.

### **Increased investment in exosome field**

Major pharmaceutical and biotechnology companies are making substantial investments into medicines that will be delivered using engineered EVs.

One of the other EEV companies listed on NASDAQ in the reporting period.

### **Significant changes in the State of Affairs**

On 27 August 2020 the Company announced a Placement of 41,666,667 shares to raise a total of \$10 million (before costs). The Placement was completed in two Tranches:

- Tranche 1: On 8 September 2020 the Company issued 23,868,000 fully paid ordinary shares at \$0.24 cents per share to raise \$5,728,320 (before costs)
- Tranche 2: On 9 November 2020 the Company issued 17,798,667 fully paid ordinary shares at \$0.24 cents per share to raise \$4,271,680 (before costs).

As part of the Placement mandate the Company issued the following to Canary Capital:

- On 9 November 2020 the Company issued 1,500,000 unlisted options with an exercise price of \$0.40 and an expiry date of 5 years from date of issue.
- On 9 November 2020 the Company issued 2,000,000 fully paid ordinary shares (in lieu of a 6% placement fee cash payment)

On 15 September 2020 the Company announced the appointment of Canary Capital as a corporate advisor. As part of the mandate the Company issued the following options:

- On 9 November 2020 the Company issued 1,500,000 unlisted options with an exercise price of \$0.60 and an expiry date of 5 years from date of issue.
- On 9 November 2020 the Company issued 1,500,000 unlisted options with an exercise price of \$0.90 and an expiry date of 5 years from date of issue.

On 9 November 2020 the Company issued 340,000 performance rights to Key Management Personnel.

On 9 November 2020 the Company issued 75,000 fully paid ordinary shares to Key Management Personnel following achievement of Key Performance Indicators.

On 2 December 2020 the Company issued 200,000 fully paid ordinary shares to Key Management Personnel following achievement of Key Performance Indicators.

On 11 December 2020 the Company announced 35,661,570 fully paid ordinary shares would be released from the 24-month escrow. Quotation of the Escrowed Shares occurred on 18 December 2020.

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

Matters subsequent are:

- Appointment of Elizabeth McGregor as Director and Company Secretary (Appointed on 5 January 2021)
- Resignation of David Parker as Director (Effective 5 January 2021)
- Announcement that follow-ups for the PLEXOVAL II safety study have been completed (21 January 2021)

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, William Buck Audit (Vic) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half year ended 31 December 2020.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors.



**Dr Ian E Dixon**  
**Managing Director**

Dated this 26 February 2021



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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2020 there have been:

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

A handwritten signature in blue ink that reads "William Buck".

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

A handwritten signature in blue ink that reads "C.L. Siddles".

**C.L. Siddles**  
Director

Dated this 26th day of February, 2021

**ACCOUNTANTS & ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000  
Telephone: +61 3 9824 8555  
[williambuck.com](http://williambuck.com)

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



	Note	31 Dec 2020 \$	31 Dec 2019 \$
<b>Income</b>			
Interest income		3,095	39,494
Other income	3	50,000	-
<b>Expenses</b>			
Research and development		(1,870,545)	(1,560,869)
Employee costs		(2,510,356)	(1,361,521)
Corporate and administration expenses		(1,539,136)	(823,464)
<b>Loss before income tax expense</b>		(5,866,942)	(3,706,360)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Exopharm Limited</b>		(5,866,942)	(3,706,360)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive loss for the half-year attributable to the owners of Exopharm Limited</b>		(5,866,942)	(3,706,360)
		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share	4	(5.06)	(4.00)

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

**Statement of financial position**  
**As at 31 December 2020**



	Note	31 Dec 2020 \$	30 Jun 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,854,400	1,742,920
Other current assets	5	562,416	2,315,776
<b>Total current assets</b>		<b>8,416,816</b>	<b>4,058,696</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,745,052	911,689
Right-of-use assets	6	749,408	929,267
Intangible assets		325,000	325,000
Other non-current assets		45,000	40,000
Security deposits		277,791	277,791
<b>Total non-current assets</b>		<b>3,142,251</b>	<b>2,483,747</b>
<b>Total assets</b>		<b>11,559,067</b>	<b>6,542,443</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and other current liabilities	7	1,222,459	612,252
Lease liability	8	423,720	309,132
<b>Total current liabilities</b>		<b>1,646,179</b>	<b>921,384</b>
<b>Non-current liabilities</b>			
Lease liability	8	323,410	603,741
<b>Total non-current liabilities</b>		<b>323,410</b>	<b>603,741</b>
<b>Total liabilities</b>		<b>1,969,589</b>	<b>1,525,125</b>
<b>Net assets</b>		<b>9,589,478</b>	<b>5,017,318</b>
<b>Equity</b>			
Issued capital	9	22,435,556	12,755,619
Reserves	10	759,165	-
Accumulated losses		(13,605,243)	(7,738,301)
<b>Total equity</b>		<b>9,589,478</b>	<b>5,017,318</b>

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

**Statement of changes in equity**  
**For the half-year ended 31 December 2020**



	<b>Issued capital</b>	<b>Reserves</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	\$	\$	\$	\$
Balance at 1 July 2019	7,578,815	-	(2,459,232)	5,119,583
Adjustment for change in accounting policy	-	-	(266)	(266)
Balance at 1 July 2019 - restated	7,578,815	-	(2,459,498)	5,119,317
Loss after income tax expense for the half-year	-	-	(3,706,360)	(3,706,360)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,706,360)	(3,706,360)
Shares issued during the period	5,539,640	-	-	5,539,640
Share issue costs	(349,329)	-	-	(349,329)
<b>Balance at 31 December 2019</b>	<b>12,769,126</b>	<b>-</b>	<b>(6,165,858)</b>	<b>6,603,268</b>
	<b>Issued capital</b>	<b>Reserves</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	\$	\$	\$	\$
Balance at 1 July 2020	12,755,619	-	(7,738,301)	5,017,318
Loss after income tax expense for the half-year	-	-	(5,866,942)	(5,866,942)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(5,866,942)	(5,866,942)
Shares issued during the period	10,870,876	-	-	10,870,876
Share issue costs	(1,190,939)	-	-	(1,190,939)
Recognition of share-based payments	-	759,165	-	759,165
<b>Balance at 31 December 2020</b>	<b>22,435,556</b>	<b>759,165</b>	<b>(13,605,243)</b>	<b>9,589,478</b>

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

**Statement of cash flows**  
**For the half-year ended 31 December 2020**



	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(4,766,397)	(3,465,447)
Interest received		3,095	39,494
Interest and other finance costs paid		(21,886)	(337)
Government grants and tax incentives		2,160,891	-
<b>Net cash used in operating activities</b>		<b><u>(2,624,297)</u></b>	<b><u>(3,426,290)</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(994,118)	(290,009)
<b>Net cash used in investing activities</b>		<b><u>(994,118)</u></b>	<b><u>(290,009)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	9	10,000,002	5,539,640
Share issue transaction costs		(120,000)	(349,329)
Repayment of lease liabilities		(150,107)	(12,640)
<b>Net cash from financing activities</b>		<b><u>9,729,895</u></b>	<b><u>5,177,671</u></b>
Net increase in cash and cash equivalents		6,111,480	1,461,372
Cash and cash equivalents at the beginning of the financial half-year		1,742,920	4,418,955
<b>Cash and cash equivalents at the end of the financial half-year</b>		<b><u>7,854,400</u></b>	<b><u>5,880,327</u></b>

*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'.

### Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Share-based payments arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 10.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### *Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

#### *Impairment of plant and equipment and intangible assets*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Note 1. Significant accounting policies (continued)

#### Share-based payment transactions

The 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 Black-Scholes model or Monte-Carlo Simulation, 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. Refer note 10 for further information.

#### New or amended Accounting Standards and Interpretations adopted

In the half year ended 31 December 2020, the Board has reviewed all new and revised standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to the Company and effective for the current reporting period.

The Board has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 31 December 2020. As a result of this review the Board has determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

### Note 2. Operating segments

The Company only operated in one segment, being regenerative medicine and biopharmaceutical drug development. All assets are held within Australia.

### Note 3. Other income

	31 Dec 2020 \$	31 Dec 2019 \$
Government incentives	50,000	-

### Note 4. Loss per share

	31 Dec 2020 \$	31 Dec 2019 \$
Loss after income tax attributable to the owners of Exopharm Limited	(5,866,942)	(3,706,360)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	116,016,871	92,554,065
	Cents	Cents
Basic and diluted loss per share	(5.06)	(4.00)

Options on issue have an anti-dilutive effect on loss per share and therefore options are not included in the calculation of diluted loss per share.

**Note 5. Other current assets**

	31 Dec 2020 \$	30 Jun 2020 \$
<i>Current assets</i>		
Research and development refund claim	-	2,110,891
GST receivable	262,847	57,324
Advances to suppliers	-	20,032
Prepayments	272,415	113,332
Other receivables	27,154	14,197
	<u>562,416</u>	<u>2,315,776</u>

Research and development tax incentive was received in October 2020. At the reporting date, none of the receivables are past due or impaired.

**Note 6. Right-of-use assets**

	31 Dec 2020 \$	30 Jun 2020 \$
<i>Non-current assets</i>		
Land and buildings - on initial recognition	1,097,453	1,097,454
Less: Accumulated depreciation	(348,045)	(168,187)
	<u>749,408</u>	<u>929,267</u>

Right-of-use assets relates to laboratory and corporate office facilities leased by the Company. A security deposit amounting to \$277,791 was paid as security for the facilities during the prior year ended 30 June 2020. This security deposit relates to the Company's major lease commitments at The Baker Institute, Melbourne. This lease is disclosed in the interim financial report as a Lease Liability. The lease runs for an initial three-year period and has annual rent of circa \$277,000 and associated outgoings of less than \$100,000 per annum. The facility is used by the Company's research and development team and has extensive laboratory facilities that are used to run experiments, maintain cultures and execute the development program.

	31 Dec 2020 \$	30 Jun 2020 \$
Balance at beginning of reporting period	929,267	-
Recognised on 1 July 2019 on adoption of AASB 16	-	18,305
Lease inception	-	1,079,149
Depreciation for the reporting period	(179,859)	(168,187)
<b>Carrying value at end of reporting period</b>	<u>749,408</u>	<u>929,267</u>



**Note 7. Accounts payable and other current liabilities**

	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	387,835	137,615
Accruals	112,749	32,474
Accrued payroll costs	280,904	204,066
Superannuation payable	97,913	-
PAYG payable	343,058	238,097
	<u>1,222,459</u>	<u>612,252</u>

**Note 8. Lease liability**

	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>423,720</u>	<u>309,132</u>
<i>Non-current liabilities</i>		
Lease liability	<u>323,410</u>	<u>603,741</u>
	<u>747,130</u>	<u>912,873</u>

**Note 9. Issued capital**

	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>139,413,667</u>	<u>95,472,000</u>	<u>22,435,556</u>	<u>12,755,619</u>

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	80,500,000		7,578,815
Issue of shares - Placement (tranche 1)	1 August 2019	11,900,000	\$0.37	4,403,000
Issue of shares - Share purchase plan	19 August 2019	2,972,000	\$0.37	1,099,640
Issue of shares - Placement (tranche 2)	16 September 2019	100,000	\$0.37	37,000
Less: Share issue costs		-	\$0.00	(362,836)
Balance	1 July 2020	95,472,000		12,755,619
Issue of shares - Placement (tranche 1)	8 September 2020	23,868,000	\$0.24	5,728,320
Issue of shares - Placement (tranche 2)	9 November 2020	17,798,667	\$0.24	4,271,680
Issue of shares - Corporate advisors	9 November 2020	2,000,000	\$0.385	770,000
Issue of shares - Bonus shares to KMP	9 November 2020	75,000	\$0.385	28,875
Issue of shares - Bonus shares to KMP	2 December 2020	200,000	\$0.36	72,000
Less: Share issue costs		-	\$0.00	(1,190,938)
<b>Balance</b>	<b>31 December 2020</b>	<u>139,413,667</u>		<u>22,435,556</u>

## Note 9. Issued capital (continued)

### Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

## Note 10. Reserves

### Shares-based payments reserve

	31 Dec 2020 \$	30 Jun 2020 \$
Balance at beginning of reporting period	-	-
Arising on share-based payments*	759,165	-
<b>Balance at the end of the reporting period</b>	<b>759,165</b>	<b>-</b>

\* Included in share-based payments:

- a) \$300,939 relating to issuance of options to corporate advisors as part of the transaction cost for capital raising;
- b) \$435,995 relating to issuance of options to corporate advisors as consideration for corporate advisory services; and
- c) \$22,231 relating to issuance of performance rights to Key Management Personnel.

### Employee share option plan

Options or performance rights may be issued to employees, external consultants or non-related parties without shareholder approval, where the annual 15% capacity pursuant to ASX Listing Rule 7.1 has not been exceeded. Performance rights cannot be offered to a director or an associate except where approval is given by shareholders at a general meeting.

Each performance right issued converts into one ordinary share of Exopharm Limited on exercise. The performance rights carry neither rights to dividends nor voting rights. Performance rights may be exercised at any time from the date of vesting to the date of their expiry.

There were 340,000 performance rights issued to the Key Management Personnel of the Company in three tranches as detailed below.

- i) Ian Dixon - 250,000 Performance Rights
- ii) Jason Watson - 90,000 Performance Rights

a) Tranche 1 Performance Rights – 113,333 performance rights were to be issued for nil consideration, each entitling the holder to one ordinary share on vesting. The Tranche 1 Performance Rights were to vest on 1 January 2021 if the volume weighted average (closing) price ("VWAP") for a period of 20 consecutive trading days (on which the shares are traded) was at least \$0.50 at any time up to and including 31 December 2020. However, tranche 1 performance shares lapsed as the aforementioned vesting condition was not met.

b) Tranche 2 Performance Rights – 113,333 performance rights to be issued for nil consideration, each entitling the holder to one ordinary share on vesting. The Tranche 2 Performance Rights will vest on 1 July 2021 if the VWAP for a period of 20 consecutive trading days (on which the shares are traded) is at least \$0.60 at any time between 1 January 2021 and 30 June 2021 (inclusive).

c) Tranche 3 Performance Rights – 113,333 performance rights to be issued for nil consideration, each entitling the holder to one ordinary share on vesting. The Tranche 3 Performance Rights will vest on 1 January 2022 if the VWAP for a period of 20 consecutive trading days (on which the shares are traded) is at least \$0.75 at any time between 1 July 2021 and 31 December 2021 (inclusive).

The fair value of the performance rights at grant date are determined using a Monte Carlo pricing method. The following table lists the inputs to the model used for valuation of the unlisted performance rights:

**Note 10. Reserves (continued)**

	<b>Tranche I</b>	<b>Tranche II</b>	<b>Tranche III</b>
Volatility (%)	100%	100%	100%
Risk-free interest rate (%)	0.2483%	0.2483%	0.2483%
Exercise price (\$)	Nil	Nil	Nil
Underlying security price at grant date	0.31	0.31	0.31
Expiry date	1 Jan 2021	1 Jul 2021	1 Jan 2022
Value per performance right	0.0987	0.1561	0.1633

The deemed fair value of performance rights granted to Key Management Personnel during the half-year ended 31 December 2020 is \$47,385. The total share-based payment expense for these performance rights for the half-year ended 31 December 2020 is \$22,231.

**Options issued to Advisors**

4,500,000 options were granted to corporate advisors Canary Capital. Under the capital raise mandate, 1,500,000 unlisted options were issued as part of the placement fee at an exercise price of 40 cents per share. The remaining 3,000,000 unlisted options were issued in accordance with the corporate advisor agreement at exercise prices of 60 and 90 cents per share. All 4,500,000 unlisted options were issued on 9 November 2020, expiring five years from the date of issue. The vesting date of the options is the issue date. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

**Note 10. Reserves (continued)**

	<b>Placement options</b>	<b>Mandate Options I</b>	<b>Mandate Options II</b>
Volatility	64%	64%	64%
Risk-free interest rate (%)	0.25%	0.25%	0.25%
Expected life of options (years)	5	5	5
Exercise price (\$)	0.4	0.6	0.9
Underlying security price at grant date	0.385	0.385	0.385
Expiry date	9 Nov 2025	9 Nov 2025	9 Nov 2025
Value per option	0.201	0.163	0.127

The deemed fair value of options granted to advisors during the half-year ended 31 December 2020 is \$736,935. The total share-based payment expense recognised as corporate consulting costs was \$435,996 and as cost of raising capital and brought directly to the statement of changes in equity was \$300,939.

**Shares issued to advisors**

2,000,000 ordinary fully paid shares were issued to corporate advisors Canary Capital. Under the capital raise mandate, 2,000,000 ordinary shares were issued as part of the placement fee equating to 6% of the total funds raised. The shares were issued on 9 November 2020. The fair value of the shares is 38.5 cents per shares, representing the closing market price on the date of issue.

The total share-based payment expense for ordinary shares granted to Advisors amortised for the period ending 31 December 2020 was \$770,000. This cost has been recognised as a cost of raising capital and has been brought directly to the statement of changes in equity.

**Bonus shares**

The Company issued ordinary shares to Key Management Personnel following achievement of key performance indicators during the half-year ended 31 December 2020. The issue was approved by the shareholders on 29 October 2020.

The fair value of the ordinary shares has been determined using the closing market price on the date of issue of the shares. The total share-based payment expense for ordinary shares granted to employees amortised for the period ending 31 December 2020 was \$100,875.

## Notes to the financial statements

### Note 11. Dividends

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

### Note 12. Commitments and Contingencies

#### Commitments

As at 31 December 2020, the Company has no other material commitments except as disclosed below:

#### *Altnia Royalty Deed Commitments*

On 5 October 2018, the Company and Altnia Operations Pty Ltd (Altnia or Licensor) signed an Intellectual Property Assignment and License Termination Deed (the 'Deed'). As consideration for the assignment of the Assignment Rights, Exopharm must:

- a. grant royalties to Altnia; and
- b. provide the Reimbursement Payments to Altnia in accordance with Clause 7 of the Deed.

The Reimbursement Payments were fully paid during the 2019 year.

As at 31 December 2020, the Company is a party to a Royalty Deed with Altnia Operations Pty Ltd (a company owned by a KMP). As at 31 December 2020, the Company has the following financial commitments pursuant to the Royalty Deed:

- a. Royalties on net sales – 3% of net sales; and
- b. License Royalty – 10% of license revenue

#### *Capital Commitments*

There are no capital commitments as at 31 December 2020.

#### Contingencies

The Company has no material contingent liabilities as at 31 December 2020.

### Note 13. Events after the reporting period

Matters subsequent are:

- Appointment of Elizabeth McGregor as Director and Company Secretary (Appointed on 5 January 2021)
- Resignation of David Parker as Director (Effective 5 January 2021)
- Announcement that follow-ups for the PLEXOVAL II safety study have been completed (21 January 2021)

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

## Directors' Declaration



In the opinion of the Directors of Exopharm Limited ('the Company'):

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

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be "I. Dixon".

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Dr Ian Dixon  
Managing Director

26 February 2021

## Exopharm 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 Exopharm Limited (the Company, which comprises the statement of financial position as at 31 December 2020, the 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, 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 Exopharm Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the 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 Exopharm 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.

### 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

#### ACCOUNTANTS & ADVISORS

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*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.

A handwritten signature in blue ink that reads "William Buck".

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

A handwritten signature in blue ink that reads "C. L. Siddles".

**C. L. Siddles**  
Director

Dated this 26th day of February 2021