

**InhaleRx Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	InhaleRx Limited
ACN:	611 845 820
Reporting period:	For the year ended 31 December 2023
Previous period:	For the year ended 31 December 2022

**2. Results for announcement to the market**

				\$
Revenues from ordinary activities	down	95.0%	to	2,029
Loss from ordinary activities after tax attributable to the owners of InhaleRx Limited	down	25.1%	to	(1,443,271)
Loss for the year attributable to the owners of InhaleRx Limited	down	25.1%	to	(1,443,271)

**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 \$1,443,271 (31 December 2022: \$1,927,049).

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.35	1.01

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

During the year Seng-Vital Asia Ltd was deregistered. This did not have a material impact on the consolidated entity's financial performance or position.

**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.

**7. Dividend reinvestment plans**

Not applicable.

**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 have not been audited.

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**11. Attachments**

*Details of attachments (if any):*

The Preliminary Financial Report of InhaleRx Limited for the year ended 31 December 2023 is attached.

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**12. Signed**



Signed \_\_\_\_\_

Date: 14 February 2024



**InhaleRx Limited**

**ACN 611 845 820**

**Preliminary Financial Report – 31 December 2023**

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**InhaleRx Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2023**

	<b>Note</b>	<b>Consolidated 2023 \$</b>	<b>2022 \$</b>
<b>Revenue</b>	1	-	24,800
Gain on liquidation of German subsidiaries		-	10,924
Interest revenue		2,029	16,127
R&D tax rebate		1,204,046	-
<b>Expenses</b>			
Directors' fees and costs		(181,659)	(252,439)
Employee benefits expense		(223,425)	(42,254)
Depreciation and amortisation expense		-	(521)
Write off of intangible assets		(13,745)	-
Share based payment expense		(57,519)	(32,245)
Consulting costs		(436,351)	(366,960)
Corporate expenses		(210,094)	(192,747)
Marketing expenses		(33,300)	(33,883)
Product development expenditure		(1,448,185)	(977,137)
Other expenses		(36,963)	(80,714)
Finance costs		(8,105)	-
<b>Loss before income tax expense</b>		(1,443,271)	(1,927,049)
Income tax expense		-	-
<b>Loss after income tax expense for the year attributable to the owners of InhaleRx Limited</b>		(1,443,271)	(1,927,049)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		-	(706)
Other comprehensive loss for the year, net of tax		-	(706)
<b>Total comprehensive loss for the year attributable to the owners of InhaleRx Limited</b>		<u>(1,443,271)</u>	<u>(1,927,755)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11	(0.762)	(1.114)
Diluted earnings per share	11	(0.762)	(1.114)

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

**InhaleRx Limited**  
**Statement of financial position**  
**As at 31 December 2023**

	<b>Note</b>	<b>Consolidated 2023 \$</b>	<b>2022 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	715,819	2,133,387
Trade and other receivables	3	802,362	31,684
Other	4	58,703	79,263
Total current assets		<u>1,576,884</u>	<u>2,244,334</u>
<b>Non-current assets</b>			
Intangibles		-	13,745
Total non-current assets		<u>-</u>	<u>13,745</u>
<b>Total assets</b>		<u>1,576,884</u>	<u>2,258,079</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	350,668	205,139
Borrowings	6	560,275	-
Employee benefits		179	179
Other	7	-	150,000
Total current liabilities		<u>911,122</u>	<u>355,318</u>
<b>Non-current liabilities</b>			
Employee benefits		291	-
Total non-current liabilities		<u>291</u>	<u>-</u>
<b>Total liabilities</b>		<u>911,413</u>	<u>355,318</u>
<b>Net assets</b>		<u>665,471</u>	<u>1,902,761</u>
<b>Equity</b>			
Issued capital	8	14,075,978	13,927,516
Reserves	9	(241,346)	(298,865)
Accumulated losses		<u>(13,169,161)</u>	<u>(11,725,890)</u>
<b>Total equity</b>		<u>665,471</u>	<u>1,902,761</u>

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

**InhaleRx Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2023**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2022	12,901,135	(968,991)	(9,254,300)	2,677,844
Loss after income tax expense for the year	-	-	(1,927,049)	(1,927,049)
Other comprehensive loss for the year, net of tax	-	(706)	-	(706)
Total comprehensive loss for the year	-	(706)	(1,927,049)	(1,927,755)
Transfer to profit and loss on derecognition of foreign currency liquidated subsidiaries	-	94,046	-	94,046
Transfer relating to liquidated subsidiaries	-	576,768	(576,768)	-
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	1,026,381	-	-	1,026,381
Share-based payments	-	32,245	-	32,245
Transfer relating to expired options	-	(32,227)	32,227	-
Balance at 31 December 2022	<u>13,927,516</u>	<u>(298,865)</u>	<u>(11,725,890)</u>	<u>1,902,761</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2023	13,927,516	(298,865)	(11,725,890)	1,902,761
Loss after income tax expense for the year	-	-	(1,443,271)	(1,443,271)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,443,271)	(1,443,271)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	148,462	-	-	148,462
Share-based payments	-	57,519	-	57,519
Balance at 31 December 2023	<u>14,075,978</u>	<u>(241,346)</u>	<u>(13,169,161)</u>	<u>665,471</u>

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

**InhaleRx Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2023**

	<b>Note</b>	<b>Consolidated 2023 \$</b>	<b>2022 \$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(2,397,808)	(1,862,294)
Interest received		2,161	15,995
Interest and other finance costs paid		(7,148)	-
R&D tax offset received		440,935	-
Net cash (used in) operating activities		(1,961,860)	(1,846,299)
<b>Cash flows from investing activities</b>			
Payments for intangibles		-	(175)
Net cash (used in) investing activities		-	(175)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	1,200,000
Proceeds from borrowings		545,830	-
Share issue transaction costs		(1,538)	(23,619)
Net cash from financing activities		544,292	1,176,381
Net decrease in cash and cash equivalents		(1,417,568)	(670,093)
Cash and cash equivalents at the beginning of the financial year		2,133,387	2,803,480
Cash and cash equivalents at the end of the financial year	2	<u>715,819</u>	<u>2,133,387</u>

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

**InhaleRx Limited**  
**Notes to the financial statements**  
**31 December 2023**

**Note 1. Revenue**

	Consolidated 2023 \$	2022 \$
Sales of goods	-	24,800

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2023 \$	2022 \$
<i>Major revenue streams</i>		
Medilhale	-	24,800
<i>Geographical regions</i>		
Australia	-	24,800
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	-	24,800

**Note 2. Current assets - cash and cash equivalents**

	Consolidated 2023 \$	2022 \$
Cash at bank	702,986	122,326
Cash on deposit	12,833	2,011,061
	715,819	2,133,387

**Note 3. Current assets - trade and other receivables**

	Consolidated 2023 \$	2022 \$
Other receivables	14,666	-
R&D tax rebate receivable	763,111	-
Interest receivable	-	132
GST receivable	24,585	31,552
	802,362	31,684

**Note 4. Current assets - other**

	Consolidated 2023 \$	2022 \$
Prepayments	58,703	79,263

**Note 5. Current liabilities - trade and other payables**

	Consolidated 2023 \$	2022 \$
Trade payables	183,563	122,661
Other payables	167,105	82,478
	<u>350,668</u>	<u>205,139</u>

**Note 6. Current liabilities - borrowings**

	Consolidated 2023 \$	2022 \$
Insurance premium funding	13,488	-
R&D finance facility	546,787	-
	<u>560,275</u>	<u>-</u>

In December 2023, the company drew down \$545,830 under its R&D tax offset finance facility. The loan is due for repayment on the earlier of receipt of the company's R&D tax offset for the year ended 31 December 2023 (expected in quarter 1 of 2024) or 30 June 2024. Interest is payable at 16% under this facility.

**Note 7. Current liabilities - other**

	Consolidated 2023 \$	2022 \$
Funds received ahead of the issue of shares	-	150,000

The above amount was received with the shares not yet issued subject to shareholder approval which was obtained on 17<sup>th</sup> February 2023. The related shares were issued on 1 March 2023.

**Note 8. Equity - issued capital**

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>189,766,957</u>	<u>187,266,957</u>	<u>14,075,978</u>	<u>13,927,516</u>

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 January 2022	168,466,957		12,901,135
Issue of shares	3 October 2022	17,500,000	\$0.0600	1,050,000
Issue of shares to lead manager	3 October 2022	1,300,000	\$0.0600	78,000
Less cost of capital raised		-	\$0.0000	(101,619)
Balance	31 December 2022	187,266,957		13,927,516
Issue of shares	1 March 2023	2,500,000	\$0.0600	150,000
Less cost of capital raised		-	\$0.0000	(1,538)
	31 December 2023	<u>189,766,957</u>		<u>14,075,978</u>

**Note 9. Equity - reserves**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	89,764	32,245
Non-controlling interest derecognised	(331,110)	(331,110)
	<u>(241,346)</u>	<u>(298,865)</u>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

*Share-based payments 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.

*Other reserves*

This reserve is used to account for commonly controlled acquisitions, and the reserve represents the excess of the purchase price over the identifiable fair value of net assets acquired from German subsidiaries.

*Non-controlling interest derecognised*

This reserve is used to recognise the non-controlling interest at the time of gaining a 100% ownership interest in a subsidiary.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

	NCI derecognised \$	Foreign currency \$	Share-based payments \$	Other \$	Total \$
<b>Consolidated</b>					
Balance at 1 January 2022	(331,110)	(93,340)	32,227	(576,768)	(968,991)
Foreign currency translation	-	(706)	-	-	(706)
Transfer to accumulated losses	-	-	(32,227)	-	(32,227)
Share based payments	-	-	32,245	-	32,245
Transfer to profit and loss on derecognition of FX subsidiaries	-	94,046	-	-	94,046
Transfer relating to liquidated subsidiaries	-	-	-	576,768	576,768
Balance at 31 December 2022	(331,110)	-	32,245	-	(298,865)
Share based payments	-	-	57,519	-	57,519
Balance at 31 December 2023	<u>(331,110)</u>	<u>-</u>	<u>89,764</u>	<u>-</u>	<u>(241,346)</u>

**Note 10. Equity - dividends**

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

**Note 11. Earnings per share**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of InhaleRx Limited	<u>(1,443,271)</u>	<u>(1,927,049)</u>

**Note 11. Earnings per share (continued)**

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>189,355,998</u>	<u>173,051,066</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>189,355,998</u>	<u>173,051,066</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.762)	(1.114)
Diluted earnings per share	(0.762)	(1.114)