

Appendix 4E

Preliminary final report

1. Details of reporting period

Name of entity	Race Oncology Limited
ABN	61 149 318 749
Reporting Year	Year ended 30 June 2023
Previous Corresponding Year	Year ended 30 June 2022

2. Results for announcement to the market

Key information	12 months ended 30 June 2023 \$	12 months ended 30 June 2022 \$	Increase/ (decrease) %	Amount change \$
Revenues from ordinary activities	591,839	53,915	997%	537,924
Loss from ordinary activities after tax attributable to members	(9,923,425)	(11,201,978)	11%	1,278,553
Net loss for the year attributable to members	(9,923,425)	(11,201,978)	11%	1,278,553
Net tangible asset per share	0.137	0.205		

3. Statement of profit or loss and other comprehensive income

Refer to attached financial statements.

4. Statement of financial position

Refer to attached financial statements.

5. Statement of cash flows

Refer to attached financial statements.

6. Statement of changes in equity

Refer to attached financial statements.

7. Dividends/Distributions

No dividends declared in current or prior year.

8. Details of dividend reinvestment plans

N/A

9. Details of entities over which control has been gained or lost during the year

N/A

10. Details of associate and joint venture entities

N/A

11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position

Refer to attached financial statements.

12. Foreign entities

On 6 October 2017, the Company incorporated a subsidiary in Belgium, **Race Oncology, Company Number 0682664917**. There were no significant financial transactions through the subsidiary for the year ended 30 June 2023.

13. Commentary on results for period and explanatory information

Race Oncology Limited incurred a net loss from operations for the financial year ended 30 June 2023 of \$9,923,425 (2022: \$11,201,978 loss). The net cash outflow from operating activities for the financial year was \$10,651,551 (2022: \$6,257,837). At 30 June 2023, the Group had a cash balance of \$21,520,368 (2022: \$33,540,790) and net assets of \$25,486,141 (2022: \$36,107,409).

14. Audit

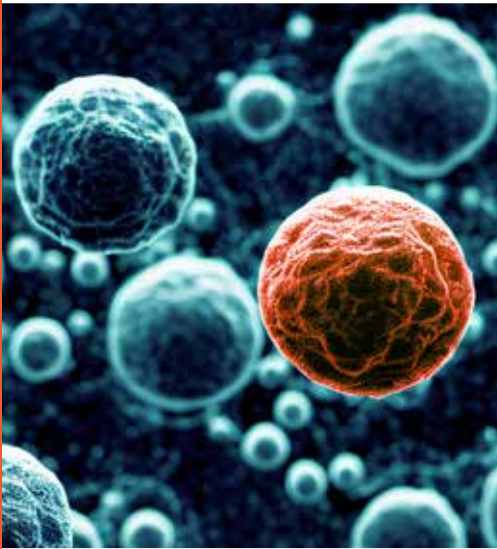
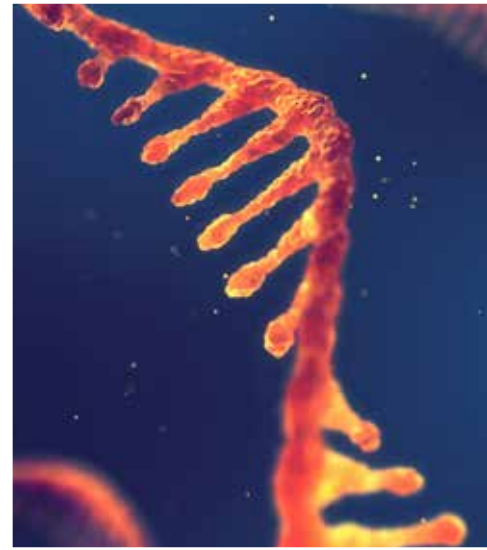
This report is based on accounts which have been audited and the audit report is included in the attached consolidated financial statements.



Mary Harney - Chair

Authorised for release by the Board

30 August 2023



Annual Report 2023

At the **heart** of cancer care

Corporate Directory

DIRECTORS

Ms Mary Harney Non-Executive Chair
Dr Peter Smith Executive Director
Mr Phillip Lynch Non-Executive Director

COMPANY SECRETARY

Peter Webse

REGISTERED OFFICE

Level 36, Gateway, 1 Macquarie Place
Sydney NSW 2000

Ph: +61 2 8051 3043

Website: www.raceoncology.com

AUDITOR

Hall Chadwick WA

283 Rokeby Road
Subiaco WA 6008

SECURITIES EXCHANGE LISTING

Race Oncology Limited's shares are listed on the
Australian Securities Exchange (ASX Code - RAC)

SHARE REGISTRY

Automic Registry Services

Level 5, 126 Phillip Street
Sydney NSW 2000

Ph: 1300 288 664

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Chair Letter

Dear fellow shareholders,

It is my privilege to welcome you to Race Oncology's 2023 Annual Report.

The past year has been a critical one for Race, with important progress made in redefining the business to maximise the commercial potential of bisantrene, and ultimately positively impact the lives of people living with cancer.

At the outset, it is worth reflecting on just some of the major achievements and milestones reached by your company through FY23. These have included:

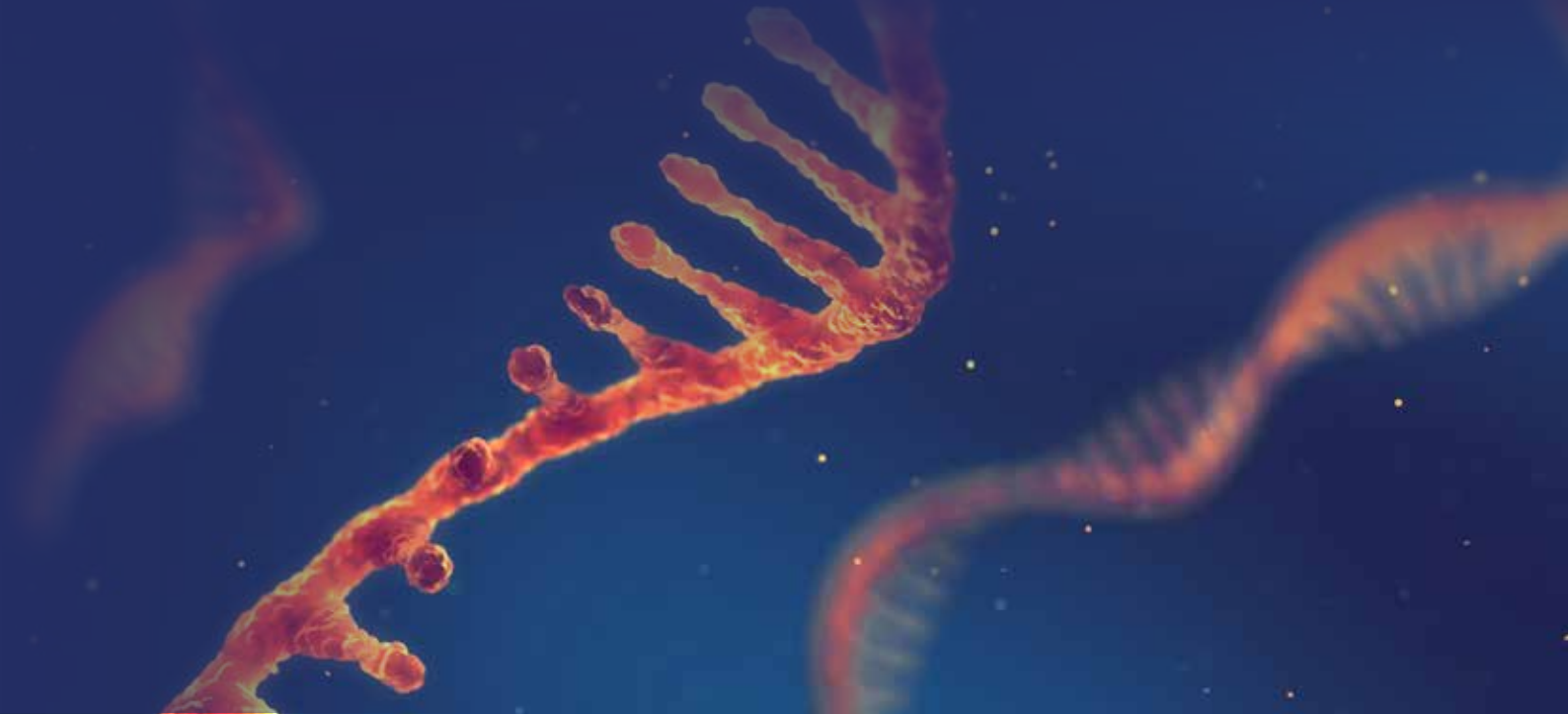
- The release of a detailed commercial assessment pointing to the major market potential of bisantrene as an anti-cancer and cardio-protective agent;
- Strengthened relationships with global Key Opinion Leaders (KOLs), specifically in the key areas of oncology and cardio-protection;
- Preclinical progress made with the development of our new bisantrene formulation, RC220, which will enable delivery of the drug to patients via a catheter in the forearm (peripheral IV) and is critical to our clinical program moving forward; and
- Continuing to grow Race's international profile and cementing key partnerships with major medical institutions such as the City of Hope, with whom we now have a global licence agreement in place.

These accomplishments, along with other milestones in FY2023, have laid the foundations for success in getting bisantrene into the hands of patients and partners.

In reflecting on the past year, it is also important to acknowledge the changes to the Board and senior management team to ensure the Company and our lead asset, bisantrene, is suitably positioned for commercial success.

I wish to extend my sincere thanks to my predecessor as Chair, Dr John Cullity whose commitment to Race was enduring. John retired from the Board post-period, however we are fortunate to retain his support as a major shareholder. My appointment as Chair was part of a planned Board renewal strategy, which also saw us welcome Dr Peter (Pete) Smith, initially as Independent Non-Executive Director and now as Executive Director (as reported post-period). Pete brings exceptional experience in both healthcare and capital markets – he is an outstanding appointment for Race.

Pete stepped into the role following the resignation of Damian Clarke-Bruce as CEO and Managing Director. I would like to acknowledge Damian for the many achievements he delivered through his time with Race, including the collaboration with City of Hope to support our discovery programs, contracting Ardena to enable global GMP manufacturing, and building important relations with clinicians, international KOL's and potential partners.



Broader renewal across Race's management team also saw the appointment of Dr Michelle Rashford as Chief Medical Officer, who has significant expertise in the successful development and commercialisation of pharmaceuticals. Michelle is experienced in oncology, virology, and immunology indications.

Another notable change came with Dr Daniel Tillett stepping away from the role of Executive Director and Chief Scientific Officer in March 2023, following four years of significant contribution to the Company. Daniel remains a key player as our major shareholder, and as announced on 22 August 2023, rejoined us as consultant to Race to support of bisantrene's clinical development. We warmly welcome Daniel's commitment and contribution to Race. Finally, I would also like to recognise the substantial contribution of Phil Lynch during his time as CEO - we are fortunate to retain his expertise on the Board as Non-Executive Director.

There is no question that the past year has been a challenging one, and I recognise that this has been reflected in the share price. At the time of writing, we had just announced changes to the leadership team designed to optimise the positioning of bisantrene for success, with a particular focus on short to medium term clinical and preclinical deliverables. We have our heads down, working on refocusing our bisantrene development strategy and you have our commitment to swift action in this regard. We look forward to updating the market on our next strategic steps in due course.

FY23 included a detailed commercial assessment pointing to the major market potential of bisantrene as an anti-cancer and cardio-protective agent.

We are confident in bisantrene - an asset which has a long history of safety and efficacy in clinical trials. The year ahead will see us move into the clinic again, with an enhanced, IP-strengthened, formulation for the benefit of patients. I wish to sincerely thank you for your ongoing support of Race Oncology.



Mary Harney.

Mary Harney
Chair
Race Oncology

2023 Key Highlights



September 2022

Race contracts the Monash Fragment Platform (MFP) to complete a fragment-based screening program, aimed at discovering novel drugs that inhibit the m6A RNA demethylases FTO and ALKBH5



September 2022

Race develops a new formulation of bisantrene that enables peripheral (arm or leg vein) intravenous (IV) delivery to patients.



November 2022

Race appoints interim Chief Medical Officer, Dr Ajay Duggal of Adnovate Clinical, to replace Dr David Fuller



November 2022

Race announces it has received written feedback from the FDA via a pre-IND meeting, providing important guidance around Race's clinical plans



December 2022

Race announces the appointment of Mr Danny Sharp as an Independent Non-Executive Director



December 2022

Race submits a Human Ethics application to commence a breast cancer observational study, led by Associate Professor Aaron Svedlov



December 2022

Race appoints Mr Damian Clarke-Bruce as CEO and Managing Director, bringing 25 years of international BioPharma industry experience



December 2022

Race announces it has provided support funding for an MD Anderson Cancer Center study into extramedullary Acute Myeloid Leukaemia (EMD AML), which will seek to establish the levels at which extramedullary disease is present in AML and how these patient needs may differ



February 2023

Human ethics approval received for the observational stage of a planned Phase 1/2b clinical trial of Zantrene in breast cancer patients, to be treated with doxorubicin and cyclophosphamide and who have two or more cardiovascular risk factors



March 2023

Race begins a new collaborative research project with the University of North Carolina at Chapel Hill (USA) to uncover at the molecular level how Zantrene protects the heart from chemotherapy

FY23 saw the development of a new formulation for bisantrene to enable easier delivery to patients.



March 2023

Contract Research Organisations Resolutum Global, Beyond Drug Development, and NSW Regional Biospecimen & Research Services, are appointed to support the observational stage of a Phase 1/2b clinical trial of Zantrene in breast cancer patients



March 2023

Executive Director and CSO Dr Daniel Tillett announced his resignation, with Professor Tim Hammond assuming the role of Interim CSO



March 2023

Race received \$1.48 million via the Research & Development (R&D) Tax Incentive from the Australian Taxation Office (ATO) for FY22



April 2023

Triangle Insights releases a detailed commercial assessment of the market potential for bisantrene as a cardio-protective agent or dual cardio-protective and anti-cancer agent in breast, endometrial and ovarian cancers



April 2023

Ms Mary Harney is appointed Independent Non-Executive Chair (NED) of Race, with Dr John Cullity remaining on the Board as Non-Executive Director



May 2023

Race appoints internationally experienced biopharmaceutical executive and former physician, Dr Michelle Rashford, as Chief Medical Officer (CMO), taking over from interim CMO, Dr Ajay Duggal



June 2023

Race transitions back to the international non-proprietary name of bisantrene for use when describing the Company's lead asset in order to increase presence in the global clinical community and align with regulatory expectations in most major countries from organisations like the FDA, EMA & TGA



June 2023

Race completes its on-market share buy-back program, acquiring 634,881 shares for a total consideration of approximately \$1,276,598 (including brokerage costs)



June 2023

Dr Peter Smith as appointed as Non-Executive Director, replacing Daniel Sharp



August 2023 (post period)

Race releases a strategic update to drive bisantrene's commercial partnering and collaboration potential.

Changes announced to the team, with Damian Clarke-Bruce resigning as CEO/Managing Director, Dr Pete Smith appointed Executive Director, Dr Daniel Tillett engaged as a consultant, and Dr John Cullity retiring from the Board.

At the time of writing, the team was revisiting the strategic update to ensure delivery of significant research and clinical milestones using current financial resources.

Directors' Report

Your directors present their report, together with the financial statements of Race Oncology Limited (the Company, Race or RAC), for the financial year ended 30 June 2023.

Information on directors

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Mary Harney	Non- Executive Chair (appointed as a Director 8 February 2021, appointed as Chair 20 April 2023)
Qualifications	BSc, BA (Fine Arts), MAICD FIML
Experience	Ms Harney is the Director of specialist consulting firm Mary Harney Advisory providing leadership, governance and strategic advice across innovation industries such as health, biotech and agriculture. She currently also serves as Chairman of private Australian biotech Oncology One Pty Ltd, a cancer drug discovery company and Microbio Limited, a diagnostic development company. Ms Harney was formerly the CEO of Royal Australasian College of Surgeons; CEO of Gardiner Research Foundation; COO and Director of Office of Cancer Research for Peter MacCallum Hospital, and; COO of Cerylid Biosciences. Other former roles were with CSL, Amrad, BIOPROPERTIES and Royal Melbourne Hospital.
Interest in shares and options	Personal & related party relevant interests: <ul style="list-style-type: none"> Mary Celicia Harney <MMA Super Fund A/C> - 23,400 Fully Paid Ordinary Shares Mary Celicia Harney – 110,392 Options exercisable at \$3.32 expiring 3/03/2028
Directorships held in listed entities	None
Peter Smith	Executive Director (appointed as Non-Executive Director 28 June 2023, appointed as Executive Director 21 August 2023)
Qualifications	PhD of the University of Cambridge in the field of cell-signalling
Experience	Dr Peter Smith has over 30 years of experience in a broad range of activities in the healthcare industry with a strong focus on therapeutics, especially oncology. He has been involved in projects at all stages from concept to phase III clinical studies.
Interest in shares and options	None
Directorships held in listed entities	None
Phillip Lynch	Non-Executive Director (appointed as a Director 1 June 2020, ceased to be CEO & MD 1 February 2023)
Qualifications	Graduate of Monash University with a Bachelor of Business in Marketing. Completed postgraduate studies at University of Virginia's Darden Business School (USA). Graduate of the Australian Institute of Company Directors.
Experience	Mr Lynch has a career spanning more than 30 years in the Asia Pacific region with Johnson & Johnson. He is an experienced executive and board director, with a diverse background across corporate development, strategy, financial performance, marketing and governance. In his former role as Vice President of Commercial Growth and Innovation at Johnson & Johnson Asia Pacific (J&J AP), 2016 - 2019, Mr Lynch partnered with the Mergers and Acquisitions team to drive the integration and growth of acquired businesses. He retired from J&J AP in December 2019 following the >\$2b acquisition and integration of a significant Japanese business. He is currently the Chair of Consumer Health Products Australia.

Information on directors (cont'd)

Phillip Lynch (cont'd)

Interest in shares and options	Personal & related party relevant interests: <ul style="list-style-type: none"> • 2,000,000 Options exercisable at \$2.65 expiring 29/11/2025 • Lynch Eventide Holdings Pty Ltd <Lynch Family A/C> - 429,149 Fully Paid Ordinary Shares
Directorships held in listed entities	None

Damian Clarke-Bruce

Managing Director and Chief Executive Director (appointed 1 February 2023, resigned 21 August 2023.)

Qualifications	Graduate of the Institute of Company Directors (GAICD) and holds a Master's in Science, with Postgraduate work in Business at Macquarie University and Rehabilitation at University of Sydney. Completed Executive learning module of exploring the Essential of Genetics in Harvard Medical School. Completed Executive Education on Accounting and Finance in Harvard Business School.
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Experience	Damian is an experienced international healthcare executive, having worked in the biopharmaceutical and healthcare industries for over 25 years.
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Prior to joining Race Oncology, Damian served as the Global/US Executive Director of Marketing in Rare Disease for Pharming NV, a Netherlands/US Biopharma Company. In this role, Damian was the Chair of the Global Launch Leadership Team, overseeing drug commercialisation, including the worldwide commercialisation of Leniolisb. In recognition of his work at Pharming, Damian won the CEO award in 2022.

Damian's career has also spanned multiple global pharmaceutical companies, including Celgene, Novartis & Biogen. He has held leadership roles within many executive teams across development/medical, market access and commercialization. He has successfully taken products from the clinic to blockbuster commercial status in highly specialised and complex disease areas.

During his longest tenure at Novartis, Damian was the Australian Franchise Head of both Neuroscience and Integrated Hospital Care, which led to a succession role of Worldwide Executive Marketing Director in Neurology (Switzerland) followed by the US Head of Marketing in Multiple Sclerosis. Previous positions also included head of National Sales.

Underlying his leadership strength in biopharmaceuticals, Damian has also been extensively involved in entrepreneurial healthcare. In 2006 he founded the Bone & Joint Clinic, now BJC Health, in Sydney and served on multiple industry boards, including Exercise & Sports Science Australia. He has always been an active community coach & leader through sport and contributes time with Surf Lifesaving Australia and community teams.

Interest in shares and options	Personal & related party relevant interests: <ul style="list-style-type: none"> • Damian Clarke-Bruce – 6,818 Fully Paid Ordinary Shares • Damian Clarke-Bruce – 755,671 Options exercisable at \$3.30 lapsed on 21 August 2023.
Directorships held in listed entities	None

Directors' Report

John Cullity

Non-Executive Director (appointed as a Director 6 April 2018, ceased to be Chair on 20 April 2023 and retired as Non-Executive Director on 21 August 2023.)

Qualifications

MBBS, MRCP, MSc(Econs), MBA

Experience

Dr Cullity is Managing Director at BioSynergy Partners, a New York and Melbourne based advisory recently spun out of Torreyia – the renowned life sciences investment bank. He additionally serves on the Boards of several life sciences companies including Ceramedix (seeded by Torreyia).

At Torreyia, he provided strategic advisory on Mergers and Acquisitions, Partnering and Financing to life-science companies worldwide. Prior to joining Torreyia, he was a senior member of the Business Development team at Sanofi Pharmaceuticals, where he led buy side transactions in oncology and diabetes. Earlier in his career, Dr Cullity was Head of Strategic Pricing and Reimbursement at Sanofi, Director of Health Economics at Schering-Plough, and Consultant at A.T. Kearney. He has also worked at the World Bank and the World Health Organisation.

Dr Cullity graduated in Medicine and sub-specialised in haematology-oncology at QE II Medical Centre, Perth. He holds a Bachelor of Medicine, Bachelor of Surgery from The University of Western Australia; Membership of the Royal College of Physicians; Masters in Health Economics from London School of Economics & Political Science, and MBA from The Wharton School, University of Pennsylvania.

Interest in shares and options

Personal & related party relevant interests:

- Biosynergy Partners Pty Ltd - 6,102,194 Fully Paid Ordinary Shares
- Craganorig Holdings, LLC - 2,000,000 Fully Paid Ordinary Shares

Directorships held in listed entities

None

Daniel Sharp

Non-Executive Director (appointed as a Director 5 December 2022, resigned 29 June 2023.)

Qualifications

Bachelor of Economics and Law, CFA

Experience

After commencing his career as a solicitor, Mr Sharp has had an extensive investment banking career of more than 25 years where he has advised the boards of technology and healthcare-based organisations on global capital markets. He has an extensive network of institutional and private wealth investors.

Interest in shares and options

None

Directorships held in listed entities

Alcidion Group Limited (Non-Executive Director appointed 1 September 2021)

Botanix Pharmaceuticals Limited (Non-Executive Director appointed 22 March 2022)

ImpediMed Limited (Non-Executive Director appointed 1 July 2023)

Daniel Tillett	Executive Director and Chief Scientific Officer (appointed as a Director 17 September 2019, resigned 21 March 2023.)
Qualifications	Ph.D in Molecular Genetics & Biochemistry
Experience	Dr Tillett is the CEO and founder of Nucleics Pty Ltd, a private biotechnology company in the genomics space. He was previously a Senior Lecturer within the School of Pharmacy at La Trobe University where he lectured on biochemistry, biotechnology, pharmacy, microbiology and virology. Dr Tillett's Ph.D on the molecular genetics and biochemistry of microcystin toxin production was awarded by the University of New South Wales in 2000.
Interest in shares and options	Personal & related party relevant interests: <ul style="list-style-type: none"> • 16,322,295 Fully Paid Ordinary Shares • 2,000,000 Options exercisable at \$2.65 expiring 29/11/2025
Directorships held in listed entities	Simble Solutions Limited (Non-executive director appointed 16 February 2022 – resigned 3 July 2023)
Peter Webse	Company Secretary
Qualifications	B.Bus, FGIA, FCIS, FCPA.
Experience	Mr Webse has over 29 years' company secretarial experience and is the director of Governance Corporate Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services.

Principal activities

Race Oncology (ASX: RAC) is an ASX-listed clinical stage, global biotechnology company with a dedicated mission to be at the heart of cancer care.

Race's lead asset, bisantrene, is a small molecule anthracene chemotherapeutic. Bisantrene has a unique and rich clinical history with demonstrated therapeutic benefits in both adult and paediatric patients, a well characterised safety profile, and compelling clinical data demonstrating an anti-cancer effect and a lack of cardiotoxicity.

Race is developing bisantrene to address the high unmet need of patients across multiple oncology indications, exploring anti-cancer plus cardio-protection in synergy with known standards of care.

As part of its clinical program, Race is also investigating the impact bisantrene and new molecules have on the m6A RNA pathway, following independent research describing bisantrene as the most potent inhibitor of FTO (Fat mass and obesity-associated protein). Dysregulation of RNA (over expression of FTO) has been shown to be a driver of a diverse range of cancers.

Race Oncology is in collaboration with City of Hope, MD Anderson, Sheba City of Health and UNC School of Medicine, and is actively exploring partnerships, licence agreements or a commercial merger and acquisition to accelerate access to bisantrene for patients with cancer across the world.

Outlook

At the time of writing, Race Oncology (Race) had released an updated strategy (ASX: 8 August 2023) designed to maximise the potential of bisantrene, leveraging its unique mechanisms of anti-cancer and cardio-protection.

Subsequent to the strategy's release, the Company announced (ASX: 22 August 2023) that a core Board and Management team would revisit the strategy, making appropriate adjustments to, and ultimately delivering on the primary focus of getting bisantrene into the hands of partners and patients. At the time of writing, the team had commenced this review and is confident that significant research and clinical milestones can be achieved using current financial resources.

Looking ahead, the Company expects to swiftly conclude the work on its strategy and announce next steps to the market.

Directors' Report

Overview of company performance

The table below sets out information about Race's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
NPAT (\$'m)	(9.92)	(11.20)	(6.34)	(3.85)	(3.66)
Share price at year end (\$)	1.23	1.95	3.67	0.70	0.05
Basic EPS (cents)	(6.17)	(7.28)	(4.84)	(3.60)	(4.60)
Total dividends (cents per share)	-	-	-	-	-

Meetings of directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mary Harney	11	10
Phillip Lynch	11	11
Peter Smith	-	-
Damian Clarke-Bruce	5	5
John Cullity	11	11
Daniel Tillett	8	8
Daniel Sharp	7	7

Operating results

The operating loss after providing for income tax amounted to \$9,923,425 (2022: loss of \$11,201,978); net cash used in operating activities was \$10,651,551 (2022: \$6,257,837).

Dividends paid or recommended

No dividends were paid or are payable for the financial year (2022: Nil).

Review of operations

The following section summarises ASX updates from the 2023 financial year:

On 27 September 2022, Race announced that it had contracted the Monash Fragment Platform to complete a fragment-based screening program, aimed at discovering novel drugs that inhibit the m⁶A ribonucleic acid (RNA) demethylases FTO and AlkB Homolog 5 (ALKBH5). This program may lead to new IP (intellectual property), solely owned by Race for molecules targeting cancer and other metabolic diseases.

On 28 September 2022 Race announced its researchers, led by Dr Benjamin Buckley, in collaboration with the University of Wollongong, had developed a new formulation of bisantrene that enables peripheral (arm or leg vein) intravenous delivery to patients. This formula provides clinicians with an easier to use alternative to the current central line formulation, adds new IP and is well suited to solid tumour application.

Race scientists Professor Michael Kelso and Dr Daniel Tillett, in collaboration with researchers from the University of Newcastle were awarded \$999,998 on 20 September 2022 by the Medical Research Future Fund for a grant entitled “Cardiovascular disease and cancer: identifying shared disease pathways and pharmacological management.”

On 18 October 2022, Race presented at the Australian Microcap Conference in Melbourne. Building on this presentation, Race management met with current investors in Melbourne through a shareholder information session, as well as professional investors via roadshow.

On 11 November 2022, Race announced the appointment of an interim Chief Medical Officer, Dr Ajay Duggal of Adnovate Clinical, replacing Dr David Fuller, effective 11 November 2022.

On 23 November 2022, Race announced it had received written feedback from the United States (US) Food and Drug Administration (FDA) via a pre-investigational new drug (IND) meeting. This formal correspondence provided important guidance around Race’s clinical plans. The clinical hold issues from the 2019 IND application were satisfactorily addressed, providing Race a viable path for the clinical development of bisantrene in the US and commercial optionality.

On 5 December 2022, Race announced the appointment of Mr Danny Sharp as an Independent Non-Executive Director. Danny brings extensive capital markets experience and adds further independence to the Race Board.

On 9 December 2022, Race announced submission of a Human Ethics application to commence a breast cancer observational study. The study will be led by Professor Aaron Sverdlow, a highly credentialed cardiologist who co-chairs the National Cardio-Oncology working group. The study will identify the rate and level of heart damage caused by standard of care anthracycline chemotherapy.

On 14 December 2022, Race announced the appointment of Mr Damian Clarke-Bruce as Chief Executive Officer and Managing Director, effective from 1 February 2023. Damian holds over 25 years of international BioPharma industry experience, having worked previously at Pharming, Novartis US & Global, Celgene, Zimmer, Biogen, BJC Health, Pharmacia & Searle Pharmaceuticals.

On 22 December 2022, Race announced it had provided support funding for an MD Anderson Cancer Center study into extramedullary AML. The study, led by Dr Maro Ohanian, will seek to establish the levels at which extramedullary disease is present in AML and how the needs of this patient cohort may differ.

On 23 December 2022, Race provided an update on its clinical and preclinical programs and a summary of expected news for 2023.

On 1 February 2023, Race announced it had received human ethics approval from the Hunter New England Human Research Ethics Committee (NSW, Australia) for the observational stage of a planned Phase 1/2b clinical trial of bisantrene in breast cancer patients, to be treated with doxorubicin and cyclophosphamide and who have two or more cardiovascular risk factors.

On 2 March 2023, Race announced it had begun a collaborative research project with the University of North Carolina at Chapel Hill (USA) to uncover at the molecular level how bisantrene protects the heart from chemotherapy. The program is being led by leading international cardio-oncologist Dr Brian Jensen of the McAllister Heart Institute.

On 13 March 2023, Race announced it had appointed the Contract Research Organisations Resolutum Global, Beyond Drug Development, and NSW Regional Biospecimen & Research Services, to support the observational stage of a Phase 1/2b clinical trial of bisantrene in breast cancer patients treated with doxorubicin and cyclophosphamide and who have two or more cardiovascular risk factors.

Directors' Report

Review of operations (cont'd)

On 24 March 2023, Race announced that Executive Director and CSO Dr Daniel Tillett had advised his decision to step down from his roles. Dr Tillett went on to provide ongoing support through June 2023 to ensure a smooth transition of his CSO responsibilities to the Race team, with oversight from Professor Tim Hammond, who would assume the role of Interim CSO.

On 27 March 2023, Race announced that it had received \$1.48 million via the Research & Development Tax Incentive from the Australian Taxation Office for the financial year ended 30 June 2022.

On 4 April 2023, Race provided investors with a summary of market research conducted by Triangle insights, commissioned to better understand the commercial potential for lead asset, bisantrene as a cardio-protective and anticancer agent in settings where anthracyclines are typically used.

On 14 April 2023, Race released a detailed commercial assessment of the market potential for bisantrene as a cardio-protective agent or dual cardio-protective and anti-cancer agent in breast, endometrial and ovarian cancers.

On 20 April 2023, Race announced that Ms Mary Harney had been appointed Independent Non-Executive Chair, while Dr John Cullity was to remain on the Board as Non-Executive Director. Ms Mary Harney has been a Non-Executive Director of Race Oncology since 8 February 2021 and as an accomplished Non-Executive Director and life science executive, brings deep understanding of academic and applied life science research, in addition to biopharmaceutical regulatory affairs and commercialisation capability.

On 9 May 2023, Race announced the appointment of Dr Michelle Rashford as Chief Medical Officer (CMO), taking over from interim CMO, Dr Ajay Duggal. Dr Rashford is an internationally experienced biopharmaceutical executive and former physician, with expertise in the successful development and commercialisation of pharmaceuticals across oncology, virology and immunology.

On 15 June 2023, within its letter to shareholders, Race advised it would transition to the international non-proprietary name of bisantrene for use when describing the Company's lead asset. This is essential as Race increases its presence in the global clinical community and aligns with regulatory expectations in most major countries from organisations like the FDA, European Medicines Agency (EMA) & Therapeutic Goods Administration. Moving forward Race will only refer to bisantrene and its respective formulation identifications, being bisantrene RC110 or RC220.

On 22 June 2023, Race advised that it had completed its on-market share buy-back program. Race announced on 9 June 2022 that it intended to buy back up to 4 million Race Oncology shares across a period of up to 12 months. Over the course of the buyback, Race acquired 634,881 shares for a total consideration of approximately \$1,276,598 (including brokerage costs). The acquired shares have been cancelled and the total number of outstanding ordinary shares following the completion of the buy-back is 163,068,780.

On 29 June 2023, Race announced the appointment of Dr Peter Smith as Non-Executive Director, replacing Daniel Sharp who advised his resignation to concentrate on other personal and professional interests. Dr Peter Smith has over 30 years of experience in a broad range of activities in the healthcare industry with a strong focus on therapeutics, especially oncology.

Significant events after the reporting date

New Chief Medical Officer, Dr Michelle Rashford commenced on 1 July 2023.

The Consolidated Entity received \$1.6 million as Research & Development tax incentive as per 2022 R&D return on 7 July 2023. This amount is included in the group's receivables as of 30 June 2023.

On 8 August 2023, Race announced a strategic update, including an overview of revisions to corporate strategy, designed to optimise use of existing resources, while driving bisantrene's commercial partnering and collaboration potential.

On 22 August 2023, Race announced changes to the Board and Management team structure, with Dr Peter Smith appointed Executive Director following the resignation of CEO, Damian Clarke-Bruce. In addition, Non-Executive Director, Dr John Cullity announced his retirement from the Race Board. Dr Daniel Tillett (former CSO / Executive Director of Race Oncology) was engaged as a consultant to support the clinical development of bisantrene.

In line with these changes, the Board and Management team is working to provide some additional certainty to shareholders for the many value inflection points in the near term, around a solid clinical strategy for bisantrene, while executing in a manner that acknowledges our financial position and current market conditions.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of Race, the results of those operations or the state of affairs of Race in future financial years.

Future developments, prospects and business strategies

Our goal remains to progress a range of clinical programs that demonstrate the efficacy and utility of bisantrene with the aim of achieving a commercial outcome for shareholders via sale, partnerships, or licensing to scaled pharmaceutical companies.

Key Risk & Uncertainties

Investing in Race Oncology securities involves a degree of risk and uncertainty. The current and future performance of the company may be affected by changing circumstances, external uncertainties and risks not presently known. You should carefully consider the risks and uncertainties described below that may affect our business and potentially the price of our securities could decline and compromise your investment.

Financial Condition

- The company's ability to continue as a going concern is dependent on its ability to secure additional working capital. The company has a sound financial management record. In the future however, there is a potential risk that the company may be unable to secure adequate capital in the current environment for health & life sciences to sufficiently fund our core operations and this will affect our ability to continue business operations.
- The company manages cash flow in line with available funds. Race Oncology is a clinical trials stage company and it is expected that the company will continue to incur operating losses for the foreseeable future before a commercial partnership, licence or acquisition is completed.

Business Risks

- As a clinical trials stage company and in line with industry practice, Race relies on external research institutions to conduct clinical trials. There is a potential risk, Race may not be able to secure and maintain their ongoing service to conduct future trials, as they may have limitations or alternative commercial demands and consequently, that will impact Race's ability to continue the research and development of our clinical trials.
- Clinical trials are an expensive and time-consuming activity. Additionally, the outcome of development and clinical trials activities is not guaranteed. Clinical development therefore carries a high level of inherent risk and setbacks can occur. This could adversely affect the business operations of the company.

Directors' Report

Key Risk & Uncertainties (cont'd)

Skilled and experienced staff

- The success of the company depends significantly on retention of key personnel and the ability to recruit future management and technical personnel within the sector who are skilled and in high demand.
- The company is managing this challenge by engaging a human resource agency to support, recruitment, onboarding, performance guidance, team upskilling/education and existing staff, in addition the company is reviewing market dynamics and offering competitive salary packages.

Commercialisation

- A commercialisation exit strategy for the company will depend on demonstrating a clear regulatory pathway with data generation or value inflection points being achieved. Progression along the pathway is often dependent on government approvals. The lack of certainty presents an external risk.
- If the company R&D and clinical trial program does not demonstrate preclinical and clinical efficacy, safety, and tolerability of the product, it will be difficult to secure a commercial deal.

Intellectual property

- The success of the company depends on the ability to secure and protect intellectual property (IP), proprietary technology, to operate without infringing a third parties' proprietary rights and obtaining market exclusivity for the company's products. An IP position is not guaranteed, is invariably time delineated and may be challenged in court, despite best guidance and preparation.

Environmental regulations

The Group aims to comply with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known breaches of the environmental regulations.

Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Unissued shares under option

At the date of this report, the unissued ordinary shares of Race Oncology Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of shares under Option
22 January 2019	21 January 2024	\$0.12	420,000
05 December 2019	05 December 2024	\$0.18	840,000
28 January 2020	23 January 2025	\$0.275	2,400,000
30 November 2020	29 November 2025	\$2.650	4,000,000
1 July 2021	1 July 2026	\$4.90	222,219
12 July 2021	12 July 2026	\$4.760	270,000
03 December 2021	03 December 2026	\$4.770	150,000
15 August 2022	22 June 2027	\$2.46	132,000
15 August 2022	15 June 2027	\$3.17	111,000
03 March 2023	03 March 2028	\$3.30	755,671
03 March 2023	03 March 2028	\$3.32	110,392
			8,655,611

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate. During the year ended 30 June 2023 the Company issued 4,065,302 fully paid ordinary shares on exercise of various options (2022: 5,968,939 fully paid ordinary shares).

Indemnification and insurance of officers and auditors

The Company indemnifies each of its Directors, Officers and Company Secretary. The Company indemnifies each Director or Officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

During the year the Company paid insurance premiums to insure Directors and Officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Non-audit services

There were no non-audit services provided by the Company's auditor during the year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 22 of the financial report.

Directors' Report

Remuneration report (audited)

This remuneration report for the year ended 30 June 2023 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001(Cth), as amended (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-Executive Director fee arrangements
5. Company performance, shareholder wealth and Directors' and Executives' remuneration
6. Details of remuneration
7. Additional disclosures relating to options and shares
8. Other transactions and balances with KMP and their related parties

1. Introduction

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel.

Key management personnel covered in this report are as follows:

Name	Status	Appointed as a Director
Mary Harney	Non-Executive Chairman	8 February 2021 (appointed as Chair 20 April 2023)
Damian Clarke-Bruce	Managing Director and Chief Executive Officer	1 February 2023, resigned 21 August 2023
Phillip Lynch	Non-Executive Director	1 June 2020 (ceased to be CEO & MD 1 February 2023)
Peter Smith	Non-Executive Director	28 June 2023
John Cullity	Non-Executive Director	6 April 2018 (ceased to be Chair 20 April 2023)
Daniel Tillett	Executive Director and Chief Scientific Officer	17 September 2019 (resigned 21 March 2023)
Daniel Sharp	Non-Executive Director	5 December 2022 (resigned 29 June 2023)

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparative companies both locally and internationally and the objectives of the Company's compensation strategy.

Remuneration report (audited) (cont'd)

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committees. Accordingly, all matters are considered by the full Board of Directors, in accordance with a remuneration committee charter.

During the financial year, the Company did not engage any remuneration consultants.

3. Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, short term incentives and employer contributions to superannuation funds. Shares and options may only be issued to directors subject to approval by shareholders in a general meeting.

At the date of this report the Company had one appointed executive, being Mr Damian Clarke-Bruce as Managing Director and CEO (appointed 1 February 2023, resigned 21 August 2023). Ex-CEO Mr Phillip Lynch stepped down as Managing Director and CEO on 1 February 2023 and transitioned to a Non-Executive Director role. Ex-CSO (Chief Scientific Officer) Dr Daniel Tillett resigned on 21 March 2023. Ex-CMO (Chief Medical Officer) Dr David Fuller resigned on 11 November 2022. The terms of all executive Employment Agreements in place during the financial year are summarised below.

Executive Name	Remuneration
Mr Damian Clarke-Bruce (Appointed 1 February 2023, resigned 21 August 2023)	<p>The terms of the Executive Employment Agreement were as follows:</p> <ul style="list-style-type: none">• The agreement is for a term of three years from commencement date• The annual salary is set at \$475,000 plus superannuation• Performance Bonus STI – 40% target subject to Board assessment of KPI delivery• Issue of 755,671 options with exercise price of \$3.30 and expiry date of 3 March 2028. The options vest 1/3rd at 12 months and the balance equally over months 13-36.• The notice period is 3 months.
Mr Phillip Lynch (ceased 1 February 2023)	<p>The terms of the Executive Employment Agreement were as follows:</p> <ul style="list-style-type: none">• The agreement is for a term of two years from commencement date• The annual salary is set at \$200,000 plus superannuation (0.5 FTE assumption)• The annual salary was increased to \$300,000 plus superannuation (0.75 FTE assumption) with effect from 01/04/2022• The annual salary was increased to \$310,500 (0.75 FET assumption) plus superannuation with effect from 01/07/2022• The annual salary was decreased to \$70,000 plus superannuation with effect from 01/02/2023 as becoming a Non-Executive Director• Performance Bonus STI – 40% target subject to Board assessment of KPI delivery• Issue of 2,000,000 options with exercise price of \$2.65 and expiry date of 29 November 2025. The options vest 1/3rd at 12 months and the balance equally over months 13-36.• The notice period is 3 months.

Directors' Report

Remuneration report (audited) (cont'd)

Executive Name	Remuneration
Dr Daniel Tillett (resigned 21 March 2023)	<p>The terms of the Executive Employment Agreement were as follows:</p> <ul style="list-style-type: none"> • The agreement is for a term of two years from commencement date • The annual salary is set at \$200,000 plus superannuation (0.5 FTE assumption) • The annual salary was increased to \$300,000 plus superannuation (0.75 FTE assumption) with effect from 01/04/2022 • The annual salary was increased to \$310,500 (0.75 FET assumption) plus superannuation with effect from 01/07/2022 • Performance Bonus STI – 40% target subject to Board assessment of KPI delivery • Issue of 2,000,000 options with exercise price of \$2.65 and expiry date of 29 November 2025. The options vest 1/3rd at 12 months and the balance equally over months 13-36. • The notice period is 3 months.
Dr David Fuller (resigned 11 November 2022)	<p>The terms of the Executive Employment Agreement were as follows:</p> <ul style="list-style-type: none"> • The agreement is for a term of three years from commencement date • The annual salary is set at \$345,000 plus superannuation • The annual salary was increased to \$357,075 plus superannuation with effect from 01/07/2022 • Performance Bonus STI – 40% target subject to Board assessment of KPI delivery • Issue of 500,000 options with exercise price of \$4.90 and expiry date of 1 July 2026. • The options vest as follows: 166,667 on the date, which is 12 months from issue date, 13,888 options will vest on each monthly anniversary of the first vesting date, for a 23 month period; and 13,909 options will vest on the date which is 24 months from the first vesting date. • Cessation of 277,781 on 11/11/2022 as a result of resignation • The notice period is 3 months.

At this stage, the Board does not consider the Company's earnings or earnings related measures to be an appropriate key performance indicator (KPI). In considering the relationship between the Company's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of business development, clinical and corporate activities.

4. Non-Executive Director fee arrangements

The Board policy is to remunerate Non-Executive Directors at a level to comparable Companies for time, commitment, and responsibilities. Non-executive Directors do not receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-Executive Directors.

The Non-Executive Directors have or may be provided with options that are meant to incentivise the Non-Executive Directors. The board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice will be sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is presently limited to an aggregate of \$500,000 per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non- Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Fees for the Non-Executive Directors for the financial year were \$278,970 (2022: \$172,800) and cover main Board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company.

Remuneration report (audited) (cont'd)

At the AGM held on 24 November 2022, 99.82% of the vote received supported the adoption of the remuneration report for the year ended 30 June 2022.

5. Company performance, shareholder wealth and Directors' and Executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. This will be facilitated through the issue of the Employee Incentive Option ("Plan") to Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Plan will provide ongoing incentives to Eligible Participants, Eligible Participants include;

- a) Director (Executive or Non-Executive) of the Company;
- b) a full time or part time employee of the Company; and
- c) a casual employee or contractor of the Company to the extent permitted by the class order.

The purpose of the plan is to:

- a) assist in the reward, retention and motivation of Eligible Participants;
- b) link the reward of Eligible Participants to the performance and creation of shareholder value;
- c) align the interests of Eligible Participant's more closely with the interests of Shareholders by providing an opportunity for Eligible Participants to received Shares;
- d) provide greater incentive for Eligible Participants to focus on the Company's longer term goals; and
- e) provide Eligible Participants with the opportunity to share in any future growth in value of the Company.

The objective of the Plan is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of Eligible Participants.

The remuneration policy includes an Employee incentive option plan. The Board of the Company may grant options under the option plan (ESOP options) to any full or part time employees or Director of the Company, and in accordance with, any necessary ASIC relief being obtained, a casual employee to contractor of the Company. Each ESOP option will be issued for nil cash consideration and is exercisable into on share ranking equally in all respects with the existing issued shares.

Directors' Report

Remuneration report (audited) (cont'd)

6. Details of Remuneration

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	Short Term Salary, Fees & Commissions	Post Employment Superannuation	Other/Bonus ¹	Share-based payment ²	Total	Performance based remuneration
30 June 2023	\$	\$	\$	\$	\$	
Directors						
Mary Harney	79,639	10,462	20,000	38,454	148,555	13%
Damian Clarke-Bruce	197,917	20,781	79,167 ⁴	263,547	561,412	14%
Phillip Lynch	233,675	27,500	84,000 ⁴	204,847	550,022	15%
Peter Smith	575	60	-	-	635	-
John Cullity	124,167	-	-	-	124,167	-
Daniel Tillett	332,367	27,500	126,000 ⁴	222,583	708,450	18%
Daniel Sharp	37,121	3,898	-	-	41,019	-
KMP						
David Fuller	172,770	11,450	- ⁴	(746,920) ³	(562,700)	-
	1,178,231	101,651	309,167	(17,489)	1,571,560	
30 June 2022	\$	\$	\$	\$	\$	
Directors						
John Cullity	120,000	-	-	-	120,000	-
Phillip Lynch	227,507	27,500	120,000	835,602	1,210,609	10.00
Daniel Tillett	227,507	27,500	120,000	835,602	1,210,609	10.00
Mary Harney	48,000	4,800	-	-	52,800	-
KMP						
David Fuller	343,750	28,750	126,960	749,249	1,248,709	10.00
	966,764	88,550	366,960	2,420,453	3,842,727	

- As per Mr Lynch and Dr Tillett's employee agreements, the annual Short-Term Incentive (STI) bonuses were capped at 40% of Salary. The above amounts represented incentive bonus accrual, super above threshold (converted to bonus), termination payments and additional payments for out-of-scope work. As per Mr Fuller's employee agreement, the Performance Bonus STI was a 40% target, subject to Board assessment of KPI delivery. As per Mr Clarke-Bruce's employee agreement, the Performance Bonus STI was 40% target, subject to Board assessment of KPI delivery.
- The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black Scholes method. The amounts disclosed as part of remuneration for the financial year were issued and vested within the period. The fair value of the options is amortised over the vesting period.
- Resigned 11 November 2023 and forfeited his unlisted options. Any share-based payment expense previously recognised under AASB 2 in respect of the unlisted options have been reversed.
- The value of bonus payments for Phillip Lynch, Daniel Tillett and Damian Clarke-Bruce represent the accrued amounts as at 30 June 2023 for each respected personnel and not the actual amounts paid during the 2023 financial year.

Remuneration report (audited) (cont'd)

7. Additional disclosures relating to options and shares

Options awarded, vested and lapsed during the year

The table below discloses the number of share options granted, vested or lapsed during the year. Share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, prior to expiry.

KMP Shareholdings

30 June 2023

	Balance at beginning of year No.	Granted as remuneration No.	Exercised No.	Other changes No.	Balance at the end of year No.
Directors					
Mary Harney	23,400	-	-	-	23,400
Damian Clarke-Bruce	6,818	-	-	-	6,818
Phillip Lynch	429,149	-	-	-	429,149
John Cullity	8,102,194	-	-	-	8,102,194
Daniel Tillett	13,500,301	-	2,307,925	191,774	16,000,000
KMP					
David Fuller	1,899	-	-	-	1,899
	22,063,761	-	2,307,925	191,774	24,563,460

The table below discloses the number of shares options granted, vested or lapsed during the year. Share options do not carry voting or dividend rights, and can only be exercised once the vesting conditions have been met.

	Financial year	Options awarded during the year No.	Award date	Fair value per option at award date (\$)	First vesting date	Exercise price	Expiry date	No. vested during the year	No. lapsed during year	Value of options granted during the year	Value of options exercised during the year
Mary Harney	2023	110,392	03/03/2023	\$1.46	03/03/2024	\$3.32	03/03/2028	-	-	\$161,437	-
Damian Clarke-Bruce	2023	755,671	03/03/2023	\$1.46	03/03/2024	\$3.30	03/03/2028	-	-	\$1,106,415	-
Phillip Lynch	2021	-	30/11/2020	\$0.91	30/11/2021	\$2.65	29/11/2025	666,660	-	-	-
David Fuller	2022	-	15/06/2021	\$2.13	15/06/2022	\$4.90	15/06/2026	222,219	277,781	-	-
Daniel Tillett	2021	-	30/11/2020	\$0.91	30/11/2021	\$2.65	29/11/2025	666,660	-	-	-
Daniel Tillett	2020	-	26/11/2019	\$0.08	26/11/2020	\$0.19	25/11/2022	-	-	-	\$196,001
Daniel Sharp	2023	110,392	03/03/2023	\$0.95	03/03/2024	\$3.32	03/03/2028	-	110,392	\$105,000	-

Directors' Report

Remuneration report (audited) (cont'd)

7. Additional disclosures relating to options and shares

Shares issued on exercise of options

The table below discloses the number of shares issued on exercise of options at 30 June 2023.

30 June 2023	Shares issued	
	No.	Paid per share
Daniel Tillett	2,307,925	0.08

The number of options held by each key management person of the Group during the financial year is as follows:

30 June 2023	Balance at beginning of year No.	Granted as remuneration No.	Exercised No.	Other changes No.	Balance at the end of year No.	Vested during the year No.	Vested and exercisable No.
Directors							
Mary Harney	-	110,392	-	-	110,392	-	-
Damian Clarke-Bruce	-	755,671	-	-	755,671	-	-
Phillip Lynch	2,000,000	-	-	-	2,000,000	-	-
Daniel Tillett	4,500,000	-	(2,500,000)	-	2,000,000	-	-
Daniel Sharp	-	110,392	-	(110,392)	-	-	-
KMP							
David Fuller	500,000	-	-	(500,000)	-	-	-
	7,000,000	976,455	(2,500,000)	(610,392)	4,866,063	-	-

Remuneration report (audited) (cont'd)

8. Other transactions and balances with KMP and their related parties

Key management personnel - refer to Note 3 and share based payment arrangements are at Note 17. The following transactions occurred with related parties:

Consultancy Agreement

On 20 April 2023, the Company approved a one-off payment of \$20,000 plus statutory superannuation in relation to the remuneration assessment for the Board, including the appointment of a new CEO, appointment of a CMO, the appointment of additional Board members and approval of the proposed ASX announcement in relation to the abovementioned Board changes.

End of Audited Remuneration Report

Signed in accordance with a resolution of the Directors:

A handwritten signature in blue ink that reads "Mary Harney." The signature is written in a cursive, flowing style.

Chair: Mary Harney

Dated: 30 August 2023

Auditor's Independence Declaration



To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of Race Oncology Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

A handwritten signature in black ink that reads "Hall Chadwick".

HALL CHADWICK WA AUDIT PTY LTD

A handwritten signature in black ink that reads "D M Bell".

D M BELL CA
Director

Dated this 30th day of August 2023
Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

		2023	2022
	Note	\$	\$
Interest received		591,839	53,915
Other income	4	3,134,381	707,807
Administrative expenses		(84,659)	(95,113)
Accounting and audit fees		(165,041)	(147,410)
Amortisation	12	(281,196)	(281,196)
Business development and marketing		(323,292)	(176,560)
R&D manufacturing and distribution		(2,026,474)	(990,259)
Corporate advice expenses	5	(1,010,395)	(203,936)
Non-Executive Director fees		(264,260)	(168,000)
Employee benefits expense		(505,132)	(447,266)
Research and development expense	5	(7,595,567)	(5,831,954)
Share based payment expense	17	(590,504)	(3,071,855)
Share registry expense		(39,481)	(53,007)
Travel and accommodation		(101,170)	(19,373)
Other expenses	5	(662,474)	(477,771)
Loss from ordinary activities before income tax expense		(9,923,425)	(11,201,978)
Income tax expense relating to ordinary activities	8	-	-
Loss from ordinary activities after income tax expense		(9,923,425)	(11,201,978)
Other comprehensive income/(loss) for the year			
Foreign currency translation (net of tax)		(5,796)	653
Total comprehensive loss for the year attributable to members of the Company		(9,929,221)	(11,201,325)
Basic loss per share (cents per share)	7	6.17	7.31
Diluted loss per share (cents per share)	7	6.17	7.31

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	21,520,368	33,540,790
Trade and other receivables	10	1,704,099	62,465
Other assets	11	320,314	547,144
TOTAL CURRENT ASSETS		<u>23,544,781</u>	<u>34,150,399</u>
NON-CURRENT ASSETS			
Intangible assets	12	3,093,155	3,374,350
TOTAL NON-CURRENT ASSETS		<u>3,093,155</u>	<u>3,374,350</u>
TOTAL ASSETS		<u>26,637,936</u>	<u>37,524,749</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	1,071,866	1,323,878
Provisions	14	79,929	93,462
TOTAL CURRENT LIABILITIES		<u>1,151,795</u>	<u>1,417,340</u>
TOTAL LIABILITIES		<u>1,151,795</u>	<u>1,417,340</u>
NET ASSETS		<u>25,486,141</u>	<u>36,107,409</u>
EQUITY			
Issued and unissued capital	15	61,709,155	62,016,810
Reserves	16	7,375,808	7,765,996
Accumulated losses		(43,598,822)	(33,675,397)
TOTAL EQUITY		<u>25,486,141</u>	<u>36,107,409</u>

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022		62,016,810	7,765,996	(33,675,397)	36,107,409
Loss for the year		-	-	(9,923,425)	(9,923,425)
Other comprehensive income		-	(5,796)	-	(5,796)
Total comprehensive income for the year		-	(5,796)	(9,923,425)	(9,929,221)
Transactions with owners, recognised directly in equity					
Share based payment transactions	17	-	590,504	-	590,504
Shares redeemed during the year	15	(1,282,551)	-	-	(1,282,551)
Exercise of options	15	719,956	(719,956)	-	-
Conversion of performance rights	15	254,940	(254,940)	-	-
Balance at 30 June 2023		61,709,155	7,375,808	(43,598,822)	25,486,141

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021		31,495,411	4,693,488	(22,466,435)	13,722,464
Loss for the year		-	-	(11,201,978)	(11,201,978)
Other comprehensive income		-	653	-	653
Total comprehensive income for the year		-	653	(11,201,978)	(11,201,325)
Transactions with owners, recognised directly in equity					
Share based payment transactions	17	-	3,071,855	-	3,071,855
Issue of shares	15	29,699,536	-	(6,984)	29,692,552
Exercise of options	15	1,293,500	-	-	1,293,500
Capital raising costs	15	(471,637)	-	-	(471,637)
Balance at 30 June 2022		62,016,810	7,765,996	(33,675,397)	36,107,409

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Other income	1,476,424	250
Interest received	591,839	53,915
Research and development refund received	-	707,557
Payments for research and development	(7,573,827)	(5,284,958)
Payment for business development and marketing	(345,934)	(200,849)
Payment for manufacturing and distribution	(2,078,130)	(951,992)
Payments to suppliers and employees	(2,721,923)	(581,760)
Net cash used in operating activities	18 (10,651,551)	(6,257,837)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	29,684,402
Proceeds from the issue of shares on exercise of options	(1,282,551)	1,293,500
Capital raising costs	-	(463,486)
Net cash provided by/(used in) financing activities	(1,282,551)	30,514,416
Net increase/(decrease) in cash and cash equivalents held	(11,934,102)	24,256,579
Foreign currency translation	(86,320)	(38,224)
Cash and cash equivalents at beginning of year	33,540,790	9,322,435
Cash and cash equivalents at end of financial year	9 21,520,368	33,540,790

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2023

These consolidated financial statements cover Race Oncology Limited (Company) and its controlled entities as a consolidated entity (referred to as the consolidated entity). Race Oncology Limited is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity. The Company's financial statements are presented in Australian dollars.

The financial statements were issued in accordance with a resolution by the Board of Directors 29 August 2023 by the Directors of the Company.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

1 Summary of Significant Accounting Policies

(a) Statement of Compliance

The Financial Report is a General Purpose Financial Report, which has been prepared in accordance with Australian Accounting Standards Board (AASB) (including Australian Accounting interpretations and other authoritative pronouncements) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Financial Report of the Company complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Notes to the Financial Statements

for the year ended 30 June 2023

1 Summary of Significant Accounting Policies (cont'd)

(c) Income Tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

1 Summary of Significant Accounting Policies (cont'd)

(d) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Notes to the Financial Statements

for the year ended 30 June 2023

1 Summary of Significant Accounting Policies (cont'd)

(d) Financial instruments (cont'd)

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade and other payables.

(e) Impairment of assets

At the end of each reporting period the Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(f) Intangible assets other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

1 Summary of Significant Accounting Policies (cont'd)

(f) Intangible assets other than goodwill (cont'd)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the consolidated entity can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Patents

The Company made upfront payments to purchase patents. The patents will have a life of 20 years in each jurisdiction where they are granted.

As a result, those patents are amortised on a straight-line basis over the remaining anticipated life of the patent.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

(h) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

Notes to the Financial Statements

for the year ended 30 June 2023

1 Summary of Significant Accounting Policies (cont'd)

(i) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST. The net amount of the GST recoverable from, or payable to, the ATO is included with other receivables and payables in the statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation

The consolidated entity operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The fair value of performance right options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of shares option and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using either a black-scholes or monte-carlo simulation model depending on the type of share-based payment.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Segment Information

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

During the year, the consolidated entity is operated in two segments, being research into oncology drug, Zantrene and the manufacturing and distribution of the drug for clinical trials. Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environment in which it operates.

1 Summary of Significant Accounting Policies (cont'd)

(m) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to members of the parent entity, excluding any cost of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(n) New Accounting Standards and Interpretations

The following Australian accounting standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2023. These standards are expected to have no material impact on the Company in future reporting period.

- AASB 17 Insurance Contracts.
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current.
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts.
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.
- AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Accounting Standards.
- AASB 2022-1: Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information.
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards.

(o) Comparative information

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the consolidated entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Notes to the Financial Statements

for the year ended 30 June 2023

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the consolidated entity as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key estimates - share based payments

The value attributed to share options and remuneration shares issued is an estimate calculated using an appropriate mathematical formula based on Black-Scholes option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value and volatility of the price of the underlying shares. Details of share-based payments assumptions are detailed in Note 17.

Key estimates - amortisation of patents

Costs incurred in acquiring patents and licenses are capitalised and amortised on a straight line basis over the life of the patent. Costs include only those costs directly attributable to the acquisition of the patents and licences. The recoverability of the carrying amount of the capitalised patent costs is dependent on the ability of the consolidated entity to generate positive cash inflows from the future development and sale of its pharmaceutical products.

3 Key Management Personnel Remuneration

The totals of remuneration paid to Key Management Personnel during the year are as follows:

	2023	2022
	\$	\$
Short-term employee benefits	1,487,398	1,333,724
Post-employment benefits	101,651	88,550
Equity settled	(17,489)	2,420,453
	<u>1,571,560</u>	<u>3,842,727</u>

Refer to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023.

4 Other Income

	2023	2022
	\$	\$
Other income		
- Research and development tax incentive	<u>3,134,381</u>	<u>707,807</u>

5 Loss for the Year

Loss before income tax from continuing operations includes the following specific expenses:

	2023	2022
	\$	\$
Research and development expense		
- R&D pre-clinical research	2,032,935	665,091
- R&D consultants	2,031,400	1,687,448
- R&D other	3,531,232	3,479,415
Total research and development expense	<u>7,595,567</u>	<u>5,831,954</u>
Corporate advice expense		
- Legal fees	58,258	67,442
- Other	952,137	136,494
Total corporate advice expense	<u>1,010,395</u>	<u>203,936</u>
Other expenses		
- ASX fees	118,856	152,740
- Insurance	191,833	184,926
- Other	351,785	140,105
Total other expenses	<u>662,474</u>	<u>477,771</u>

Notes to the Financial Statements

for the year ended 30 June 2023

6 Auditors' Remuneration

	2023	2022
	\$	\$
Auditor remuneration		
- auditing or reviewing the financial reports	43,750	39,000

7 Loss per share

	2023	2022
	\$	\$
Loss used in calculation of basic EPS and diluted EPS	9,923,425	11,201,978

	2023	2022
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	160,720,648	153,309,857
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	160,720,648	153,309,857

8 Income Tax

(a) The major components of tax expense (income) comprise:

	2023	2022
	\$	\$
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Reconciliation of income tax to prima facie tax payable:

The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2023	2022
	\$	\$
Operating loss	(9,923,425)	(11,198,736)
Income tax calculated at 25%	(2,480,856)	(2,799,684)
Non-deductible items		
Tax effect of:		
- share based payment expense	147,626	767,964
- other non-deductible expenses	2,350,089	634,983
- non-assessable income	(777,294)	(176,889)
- other deductible expenses – blackhole expenditure	(78,636)	-
- timing differences in provisions and accruals	(25,072)	-
- deferred tax assets not brought to account	864,143	1,573,626
Income tax attributable to operating loss	-	-

8 Income Tax (cont'd)

(c) Deferred tax liabilities

	2023	2022
	\$	\$
Tax losses	4,868,846	5,042,039
Other	143,347	168,419
Total deferred tax asset	5,012,193	5,210,458
Set-off deferred tax liabilities	-	-
Less deferred tax assets not recognised	(5,012,193)	(5,210,458)
Net deferred tax assets/liabilities	-	-

(d) Tax losses

	2023	2022
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	19,475,383	20,168,157
Potential tax benefit at 25%	4,868,846	5,042,039

The benefit for tax losses will only be obtained if:

- The company and consolidated entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- The company and the consolidated entity continue to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the ability of the Company and consolidated entity to realise these benefits.

9 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	1,920,368	6,040,790
Term deposits	19,600,000	27,500,000
	21,520,368	33,540,790

The effective interest rate on cash and cash equivalents was 2.15% (30 June 2022: 0.25%).

Notes to the Financial Statements

for the year ended 30 June 2023

10 Trade and Other Receivables

	2023	2022
	\$	\$
CURRENT		
Other receivables	1,704,099	62,465

11 Other Assets

	2023	2022
	\$	\$
CURRENT		
Prepayments	320,314	547,144

12 Intangible Assets

	2023	2022
	\$	\$
Intellectual property		
At cost	5,000,000	5,000,000
Accumulated amortisation	(1,906,845)	(1,625,650)
Total intangible assets	3,093,155	3,374,350

(a) Movements in carrying amounts of intangible assets

	Intellectual Property \$
Year ended 30 June 2023	
Balance at the beginning of the year	3,374,350
Amortisation expense	(281,195)
Closing value at 30 June 2023	3,093,155

Intellectual property totalling \$5,000,000 comprises patents and licenses initially acquired by the Company and pertain to the oncology drug, called Zantrene. The initial acquisition of intellectual property was supported by 2 patent applications. Subsequent to the initial patent applications the Company strategy has evolved to include a total of four patent families. The portfolio of patents is a robust program and the two most recent patent applications expands Zantrene's protected use of combination therapies. The patent useful life has been aligned to the patent term and as a result, those patents are amortised on a straight-line basis over the period of the patent. The amortisation expense has been included in the line item 'amortisation' in profit or loss.

The Directors do not consider there have been any indicators of impairment of the acquired intangible asset during the year up until the date of this report.

13 Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade and other creditors	638,514	833,822
Accruals	433,352	490,056
	<u>1,071,866</u>	<u>1,323,878</u>

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value.

14 Provisions

	2023	2022
	\$	\$
CURRENT		
Provision for annual leave	<u>79,929</u>	<u>93,462</u>

15 Issued and unissued capital

	2023	2022
	\$	\$
Opening balance	62,016,810	31,495,411
Shares redeemed during the year	(1,282,551)	29,699,536
Exercise of options	719,956	1,293,500
Conversion of Performance Rights	254,940	
Less: capital raising costs	-	(471,637)
	<u>61,709,155</u>	<u>62,016,810</u>

The Company has issued share capital amounting to 163,068,780 (2022: 159,519,782) ordinary shares of no par value and the Company does not have a limited amount of authorised capital.

(a) Ordinary shares

	2023	2022
	No.	No.
At the beginning of the reporting period	159,519,782	143,650,843
Shares issued during the year	4,183,879	15,868,939
Shares bought back during the year	(634,881)	-
At the end of the reporting period	<u>163,068,780</u>	<u>159,519,782</u>

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital Management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet due diligence programs and corporate overheads.

Notes to the Financial Statements

for the year ended 30 June 2023

15 Issued and unissued capital (cont'd)

(b) Capital Management (cont'd)

The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

16 Reserves

	2023	2022
	\$	\$
Opening balance	7,765,996	4,693,488
Foreign currency translation (net of tax)	(5,796)	653
Share based payment expense	590,504	3,071,855
Conversion of performance rights	(254,940)	-
Exercise of options	(719,956)	-
	<u>7,375,808</u>	<u>7,765,996</u>

17 Share-based Payments

The following share-based payment arrangement existed at 30 June 2023:

- On 22 January 2019, the Company issued 420,000 unlisted options exercisable at \$0.12 each on or before 21 January 2024 to Borje Anderson.
- On 22 November 2019, the Company issued 840,000 unlisted options exercisable at \$0.18 each on or before 5 December 2024 to Borje Anderson.
- On 1 February 2020, the Company issued 2,400,000 unlisted options exercisable at \$0.275 each on or before 23 January 2025 to Borje Anderson.
- On 17 February 2020, the Company issued 2,400,000 unlisted options exercisable at \$0.49 each on or before 17 February 2024, to Marinella Messina under the employee incentive option plan.
- On 30 November 2020, the Company issued the following incentives options:
 - a) 2,000,000 Options exercisable at \$2.65 and expiring on 29 November 2025 to Phillip Lynch;
 - b) 2,000,000 Options exercisable at \$2.65 and expiring on 29 November 2025 to Daniel Tillett.

The vesting conditions for the incentives options are as follow:

- (i) Tranche A: 1/3 Options will vest and become exercisable on the date which is 12 months from the date of issue of the Options (First Vesting Date);
- (ii) Tranche B: Commencing on the date that is 1 month after the First Vesting Date, 2.7775% of the Options will vest and become exercisable on each monthly anniversary of the First Vesting Date thereafter for a twenty-three month period; and
- (iii) Tranche C: 2.7784% Options will vest and become exercisable on the date which is 24 months from the First Vesting Date.

17 Share-based Payments (cont'd)

- On 1 July 2021, the Company issued 500,000 unlisted options exercisable at \$4.90 each on or before 1 July 2026, issued to David Fuller under the employee incentive option plan. 277,781 options have lapsed due to resignation.

The vesting conditions for the incentives options are as follows:

- (i) Milestone A: 1/3 Options will vest and become exercisable on the date which is 12 months from the date of issue of the Options (First Vesting Date);
 - (ii) Milestone B: Commencing on the date that is 1 month after the First Vesting Date, 2.77775% of the Options will vest and become exercisable on each monthly anniversary of the First Vesting Date thereafter for a twenty-three month period; and
 - (iii) Milestone C: 2.7784% Options will vest and become exercisable on the date which is 24 months from the First Vesting Date.
- On 12 July 2021, the Company issued 270,000 unlisted options exercisable at \$4.76 each on or before 12 July 2026, issued to Michael Kelso under the employee incentive option plan.

The vesting conditions for the incentives options are as follows:

- (i) Milestone A: 1/3 Options will vest and become exercisable on the date which is 12 months from the date of issue of the Options (First Vesting Date);
 - (ii) Milestone B: Commencing on the date that is 1 month after the First Vesting Date, 2.77778% of the Options will vest and become exercisable on each monthly anniversary of the First Vesting Date thereafter for a twenty-three month period; and
 - (iii) Milestone C: 2.77778% Options will vest and become exercisable on the date which is 24 months from the First Vesting Date.
- On 3 December 2021, the Company issued 150,000 unlisted options exercisable at \$4.77 each on or before 3 December 2026, issued to Benjamin Buckley under the employee incentive option plan.

The vesting conditions for the incentives options are as follows:

- (i) Milestone A: 1/3 Options will vest and become exercisable on the date which is 12 months from the date of issue of the Options (First Vesting Date);
 - (ii) Milestone B: Commencing on the date that is 1 month after the First Vesting Date, 2.77778% of the Options will vest and become exercisable on each monthly anniversary of the First Vesting Date thereafter for a twenty-three month period; and
 - (iii) Milestone C: 2.77778% Options will vest and become exercisable on the date which is 24 months from the First Vesting Date.
- On 15 August 2022, the Company issued the following incentives options:
 - a) 111,000 Options exercisable at \$3.17 and expiring on 15 August 2027 to Michelle Huh;
 - b) 132,000 Options exercisable at \$2.46 and expiring on 22 June 2027 to Dan Levy.

The vesting conditions for the incentives options are as follows:

Notes to the Financial Statements

for the year ended 30 June 2023

17 Share-based Payments (cont'd)

- (i) Milestone A: 1/3 Options will vest and become exercisable on the date which is 12 months from the date of issue of the Options (First Vesting Date);
- (ii) Milestone B: Commencing on the date that is 1 month after the First Vesting Date, 2.77778% of the Options will vest and become exercisable on each monthly anniversary of the First Vesting Date thereafter for a twenty-three month period; and
- (iii) Milestone C: 2.77778% Options will vest and become exercisable on the date which is 24 months from the First Vesting Date.

- On 3 March 2023, the Company issued the following incentives options:

- a) 755,671 Options exercisable at \$3.30 and expiring on 3 March 2028 to Damian Clarke-Bruce
- b) 110,392 Options exercisable at \$3.32 and expiring on 3 March 2028 to Danny Sharp (Options have ceased during the year due to resignation)
- c) 110,392 Options exercisable at \$3.32 and expiring on 3 March 2028 to Mary Harney

The vesting conditions for the incentives options are as follows:

- (i) Milestone A: 1/3 Options will vest and become exercisable on the date which is 12 months from the date of issue of the Options (First Vesting Date);
- (ii) Milestone B: Commencing on the date that is 1 month after the First Vesting Date, 2.77778% of the Options will vest and become exercisable on each monthly anniversary of the First Vesting Date thereafter for a twenty three month period; and
- (iii) Milestone C: 2.77778% Options will vest and become exercisable on the date which is 24 months from the First Vesting Date.

On 30 November 2020, the Company issued 118,577 Incentive Performance Rights to Prof. Borje Anderson. The Performance Rights have been valued at grant date and are linked to non-market based vesting condition, from which a probability-based valuation have been applied. The Company valued the Performance Rights at \$203,952, 80% probability being \$1.72 per Incentive Performance Rights. Performance Rights probability change of Vesting from 80% to 100% for June 2022. The performance rights' milestone of 100% was met during the year and the performance rights were converted.

17 Share-based Payments (cont'd)

A summary of the Company options issued is as follows:

	Class of SBP	Quantity	'Share price at Grant date	'Value recognised during the year	Value to be recognised in future years
Borje Anderson	Performance Rights	118,577	2.080	50,988	-
Benjamin Buckley	Unlisted options	150,000	3.280	155,623	48,334
			2.190		
Damian Clarke-Bruce	Unlisted options	755,671		263,547	842,867
			1.665		
Dan Levy	Unlisted options	132,000		109,946	47,601
Daniel Tillett	Unlisted options	2,000,000	2.150	222,583	-
David Fuller	Unlisted options	500,000	3.130	(746,920)	-
Marinella Messina	Unlisted options	2,400,000	0.350	36,970	-
			2.190		
Mary Harney	Unlisted options	110,392		38,454	122,982
Michael Kelso	Unlisted options	270,000	3.230	155,789	43,503
Michelle Huh	Unlisted options	111,000	2.139	98,677	56,735
Phillip Lynch	Unlisted options	2,000,000	2.150	204,847	17,736
Total		8,547,640		590,504	1,179,758

Notes to the Financial Statements

for the year ended 30 June 2023

17 Share-based Payments (cont'd)

Michelle Huh Unlisted Share Options

	Milestone A	Milestone B	Milestone C
Exercise price	3.17	3.17	3.17
Spot price	2.139	2.139	2.139
Grant date	15 August 2022	15 August 2022	15 August 2022
Expected volatility	90%	90%	90%
Expiry date	15 August 2027	15 August 2027	15 August 2027
Risk free interest rate	2.80%	2.80%	2.80%
Vesting period	12 months	23 months	24 months
Number of options	37,000	70,917	3083
Total value of options	\$51,804	\$99,290	\$4,317
Value recognised during the period	\$47,688	\$49,665	\$1,324

Dan Levy Unlisted Share Options

Exercise price	2.46	2.46	2.46
Spot price	1.665	1.665	1.665
Grant date	15 August 2022	15 August 2022	15 August 2022
Expected volatility	90%	90%	90%
Expiry date	22 June 2027	22 June 2027	22 June 2027
Risk free interest rate	3.70%	3.70%	3.70%
Vesting period	12 months	23 months	24 months
Number of options	44,000	84,333	3,667
Total value of options	\$52,516	\$100,656	\$4,376
Value recognised during the period	\$52,516	\$55,941	\$1,489

17 Share-based Payments (cont'd)

Damian Clarke-Bruce

Unlisted Share Options

	Milestone A	Milestone B	Milestone C
Exercise price	3.3	3.3	3.3
Spot price	2.190	2.190	2.190
Grant date	21 February 2023	21 February 2023	21 February 2023
Expected volatility	93%	93%	93%
Expiry date	03 March 2028	03 March 2028	03 March 2028
Risk free interest rate	3.62%	3.62%	3.62%
Vesting period	12 months	23 months	24 months
Number of options	251,890	482,790	20,991
Total value of options	\$368,805	\$706,876	\$30,734
Value recognised during the period	\$126,531	\$133,431	\$3,585

Mary Harney

Unlisted Share Options

Exercise price	3.3	3.3	3.3
Spot price	2.190	2.190	2.190
Grant date	21 February 2023	21 February 2023	21 February 2023
Expected volatility	93%	93%	93%
Expiry date	03 March 2028	03 March 2028	03 March 2028
Risk free interest rate	3.62%	3.62%	3.62%
Vesting period	12 months	23 months	24 months
Number of options	36,797	70,528	3,066
Total value of options	\$53,812	\$103,140	\$4,484
Value recognised during the period	\$18,462	\$19,469	\$523

The weighted average remaining contractual life for the options over ordinary shares outstanding as at 30 June 2023 was 2.26 years (2022: 2.33 years).

The following table sets out the number and weighted average exercise prices of, and movements in, options over ordinary shares during the financial year.

	30 June 2023		30 June 2022	
	No. of options	Weighted Average Price \$	No. of options	Weighted Average Price \$
Balance at the start of financial year	13,480,000	1.3059	25,567,999	\$0.6873
Options				
- Granted	1,219,455	3.2009	920,000	\$4.8377
- Exercised	(4,900,000)	0.3369	(5,968,939)	\$0.1798
- Expired	(610,392)	4.6143	(7,039,060)	\$0.4500
Balance at the end of the financial year	9,189,063	1.8499	13,480,000	\$1.3059

Notes to the Financial Statements

for the year ended 30 June 2023

18 Cash Flow Information

(a) Reconciliation of cash

	2023	2022
	\$	\$
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	21,520,368	33,540,790

(b) Reconciliation of result for the year to cashflows from operating activities

	2023	2022
	\$	\$
Loss for the year	(9,923,425)	(11,201,978)
Non-cash flows in profit:		
- Share based payments	590,504	3,071,855
- Amortisation	281,195	281,196
- Unrealised foreign exchange translation	81,854	38,224
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,641,634)	65,704
- (decrease)/increase in payables	(265,545)	894,230
- decrease in prepayments	226,830	592,279
- (decrease)/increase in other foreign exchange reserve	(1,330)	653
Cashflows from operations	(10,651,551)	(6,257,837)

(c) Credit standby facilities

The consolidated entity has no credit standby facilities.

19 Financial Risk Management

Financial Risk Management Policies

The consolidated entity's financial instruments consist mainly of deposits with banks, other debtors, accounts payables and borrowings.

The main purpose of non-derivative financial instruments is to raise finance for consolidated entity's operations. The consolidated entity does not speculate in the trading of derivative instruments.

Specific Financial Risk Exposures and Management

The main risk the consolidated entity is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

19 Financial Risk Management (cont'd)

(a) Interest Rate Risk

From time to time the consolidated entity has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The consolidated entity's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

The consolidated entity exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	2.15	0.25	21,520,368	33,540,790	-	-	-	-	21,520,368	33,540,790
Total Financial Assets			21,520,368	33,540,790	-	-	-	-	21,520,368	33,540,790
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	(638,514)	(833,822)	(638,514)	(833,822)
Total Financial Liabilities			-	-	-	-	(638,514)	(833,822)	(638,514)	(833,822)

Sensitivity analysis

The following table illustrates sensitivities to the consolidated entity's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	2023	2022
	+/-1.00%	+/-1.00%
	\$	\$
Movement in loss	275,306	214,316
Movement in equity	275,306	214,316

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the consolidated entity. The consolidated entity does not have any material credit risk exposure to any single receivable or consolidated entity of receivables under financial instruments entered into by the consolidated entity.

Notes to the Financial Statements

for the year ended 30 June 2023

19 Financial Risk Management (cont'd)

(b) Credit risk (cont'd)

Credit risk exposures

The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the consolidated entity in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The below table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

		2023	2022
		\$	\$
Cash and cash equivalents	9	21,520,368	33,540,790

(c) Liquidity risk

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The consolidated entity has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the consolidated entity is confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

The table below analyses the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average						Total contractual cash flows			
	Interest rate		Within 1 Year		1 to 5 Years		Over 5 Years		Total contractual cash flows	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities at amortised cost										
Trade and other payables	-	-	638,514	833,822	-	-	-	-	638,514	833,822

(d) Financial risk management

The consolidated entity's financial instruments consist mainly of deposits with banks.

(e) Net fair Value of financial assets and liabilities

Fair value estimation

Due to the short-term nature of the receivables and payables the carrying value approximates fair value.

19 Financial Risk Management (cont'd)

(f) Financial arrangements

The consolidated entity has no other financial arrangements in place.

Notes to the Financial Statements

for the year ended 30 June 2023

20 Parent entity

The following information has been extracted from the books and records of the parent, Race Oncology Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Race Oncology Limited has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2023	2022
	\$	\$
Statement of Financial Position		
Assets		
Current assets	23,533,019	34,150,399
Non-current assets	3,093,155	3,374,350
Total Assets	26,626,174	37,524,749
Liabilities		
Current liabilities	1,140,033	1,417,340
Total Liabilities	1,140,033	1,417,340
Equity		
Issued capital	61,709,155	62,016,810
Retained earnings	(43,603,288)	(33,675,397)
Option reserve	7,380,274	7,765,996
Total Equity	25,486,141	36,107,409
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	(9,923,425)	(11,201,978)
Total comprehensive income	(9,923,425)	(11,201,978)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

21 Interests in Subsidiaries

(a) Composition of the Group

	Country of Incorporation	Percentage Owned (%) 2023	Percentage Owned (%) 2022
Subsidiaries:			
Race Oncology SPRL	Belgium	<u>100</u>	<u>100</u>

22 Related Parties

(a) The Group's main related parties are as follows:

Key management personnel – refer to Note 3 and share based payment arrangements are at Note 17.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Consultancy Agreement

On 19 February 2021, the Company entered into a Consultancy Agreement with Prof. Borje Andersson for a period of 12 months, renewable by mutual agreement. The fee is set at US\$5,000 per month.

On 20 April 2023, the company approved a one-off payment of \$20,000 plus statutory superannuation in relation to the remuneration assessment for the board, including the appointment of a new CEO, appointment of a CMO, the appointment of additional Board members and approval of the proposed ASX announcement in relation to the abovementioned Board changes.

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

24 Segment Reporting

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The financial information presented to the chief operating decision maker is consistent with that presented in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. This applies to both the Australian head entity and Belgium subsidiary.

25 Commitments

There are no leasing or capital commitments for the year ended 30 June 2023.

Notes to the Financial Statements

for the year ended 30 June 2023

26 Events Occurring After the Reporting Date

The financial report was authorised for issue on 29 August 2023 by the Board of Directors.

New Chief Medical Officer, Dr Michelle Rashford commenced on 1 July 2023.

The Consolidated Entity received \$1.6 million as Research & Development tax incentive as per 2022 R&D return on 7 July 2023. This amount is included in the group's receivables as of 30 June 2023.

On 8 August 2023, Race announced a strategic update, including an overview of revisions to corporate strategy, designed to optimise use of existing resources, while driving bisantrene's commercial partnering and collaboration potential.

On 22 August 2023, Race announced changes to the Board and Management team structure, with Dr Peter Smith appointed Executive Director following the resignation of CEO, Damian Clarke-Bruce. In addition, Non-Executive Director, Dr John Cullity announced his retirement from the Race Board. Dr Daniel Tillett (former CSO / Executive Director of Race Oncology) was engaged as a consultant to support the clinical development of bisantrene.

In line with these changes, the Board and Management team is working to provide some additional certainty to shareholders for the many value inflection points in the near term, around a solid clinical strategy for bisantrene, while executing in a manner that acknowledges our financial position and current market conditions.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of Race, the results of those operations or the state of affairs of Race in future financial years.

Directors' Declaration

for the year ended 30 June 2023

The directors of the consolidated entity, declare that:

1. The financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Consolidated Entity for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial report.
3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink that reads "Mary Harney".

Chair: Mary Harney

Dated: 30 August 2023

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACE ONCOLOGY LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Race Oncology Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Recognition of Research & Development Tax Incentive</p> <p>Under the Research and Development (“R&D”) tax incentive scheme, the Consolidated Entity recognised a refundable tax offset of eligible expenditure of \$3,134,381 as disclosed in note 4 of the financial statements. An R&D submission has been filed with AusIndustry, and a receivable has been recorded at year end for the portion of the claim which has not been received at balance date.</p> <p>This area is a key audit matter due to the inherent subjectivity that is involved in the Consolidated Entity making judgements in relation to estimation and recognition of the R&D tax incentive income and receivable.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • obtaining an understanding of the objectives and activities in the R&D program; • reviewing the lodgment documents and related working papers utilised by the expert engaged by the Consolidated Entity; • assessing the capabilities of the expert engaged by the Consolidated Entity; • comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; • agreeing the receipt of the incentive to the bank statement subsequent to year end; and • assessing the adequacy of the disclosures in the financial report.
<p>Intangible assets</p> <p>As disclosed in note 12 to the financial statements the Consolidated Entity has intangible assets with a carrying value of \$3,093,155.</p> <p>Intangible assets are considered to be a key audit matter due to the size of the balance having a pervasive impact on the financial statements and the judgement requirement in assessing for impairment.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing whether there are any indicators of impairment of the asset, including understanding management’s planned future commercialisation activities; • Comparing market capitalisation to the carrying value of net assets and capitalised intangible assets at year-end; • Assessing the Consolidated Entity’s rights to the patents and licenses acquired; and • Assessing the appropriateness of the disclosures included in Note 12 to the financial statements.

Independent Auditor's Report



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Independent Auditor's Report

HALL CHADWICK 

Auditor's Opinion

In our opinion, the Remuneration Report of Race Oncology Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 30th day of August 2023
Perth, Western Australia

ASX Additional Information

The shareholder information set out below was applicable as at 25 August 2023.

There were 8,576 holders of Ordinary Fully Paid Shares

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Shares

Holder Name	Holding	% IC
Dr Daniel Tillett	14,014,370	8.59%
Mr Phillip Richard Perry	6,047,694	3.71%
Mr Mark Phillip Juan	5,652,312	3.47%
Biosynergy Partners Pty Ltd	5,102,194	3.13%
The Trust Company (Australia) Limited <MOFA/C>	4,450,468	2.73%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	2,648,807	1.62%
Dr Daniel Tillett	2,307,925	1.42%
Craganorig Holdings LLC	2,000,000	1.23%
Marinella Messina	1,757,377	1.08%
Mr Phillip Richard Perry & Mrs Tetyana Perry <Doneska Super Fund A/C>	1,600,000	0.98%
Mr Anthony James Robinson <The Peeko Family No 86 A/C>	1,579,250	0.97%
Mr Kimberley Ross Gartrell & Mrs Jennifer Margaret Gartrell <K&J Gartrell Super Fund A/C>	1,350,000	0.83%
Kudoss Investments Pty Ltd <Aitken Global Family A/C>	1,153,034	0.71%
Mr Kenneth Barry Ridley & Mrs Catherine Mary Ridley <Ridley Retirement Fund A/C>	1,080,000	0.66%
Mr Sandor Helby	1,060,000	0.65%
Mr Alan Giles Sauran	1,031,256	0.63%
Biosynergy Partners Pty Ltd	1,000,000	0.61%
Citicorp Nominees Pty Limited	856,443	0.53%
Mr Van Quy Do	825,788	0.51%
Mr Brian James Walker	777,777	0.48%
Totals	56,294,695	34.54%

ASX Additional Information

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders are:

Name	No of Shares Held	Capital
Daniel Tillett	16,322,295	10.01%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	3,552	1566,292	0.96%
1,001 - 5,000	2,494	6,153,065	3.77%
5,001 - 10,000	805	5,995,584	3.68%
10,001 - 100,000	1,426	44,756,565	27.45%
100,001 and above	247	104,597,274	64.14%
Totals	8,524	163,068,780	100.00%

Unmarketable Parcels – 2,532 Holders

RESTRICTED SECURITIES

There are 2,307,925 ordinary shares subject to voluntary escrow until 14 November 2023.

UNQUOTED SECURITIES

The following unquoted securities are on issue:

420,000 Options Expiring 21/01/2024 @ \$0.12 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Prof Borje Andersson	420,000	100.00%

840,000 Options Expiring 05/12/2024 @ \$0.18 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Prof Borje Andersson	840,000	100.00%

2,400,000 Options Expiring 23/01/2025 @ \$0.275 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Prof Borje Andersson	2,400,000	100.00%

UNQUOTED SECURITIES (Continued)

4,000,000 Options Expiring 29/11/2025 @ \$2.65 – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Dr Daniel Tillett	2,000,000	50.00%
Mr Phillip Lynch	2,000,000	50.00%

229,219 Options Expiring 01/07/2026 @ \$4.90 - 1 Holder

Issued under Incentive Option Plan

270,000 Options Expiring 12/07/2026 @ \$4.76- 1 Holder

Issued under Incentive Option Plan

150,000 Options Expiring 03/12/2026 @ \$4.77- 1 Holder

Issued under Incentive Option Plan

132,000 Options Expiring 12/07/2026 @ \$2.46- 1 Holder

Issued under Incentive Option Plan

111,000 Options Expiring 15/08/2027 @ \$3.17- 1 Holder

Issued under Incentive Option Plan

110,392 Options Expiring 03/03/2028 @ \$3.32 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Ms Mary Harney	110,392	100.00%

ON-MARKET BUY BACK

There is no current on-market buy-back.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement is available on the Company's website.

