



**INCANNEX HEALTHCARE LIMITED**  
**ABN 93 096 635 246**  
**(and controlled entities)**

**HALF-YEAR INFORMATION**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**  
**PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3**

# Appendix 4D

## Half Year Report for the six months to 31 December 2020

**IMPRESSION HEALTHCARE LIMITED**  
**ABN 93 096 635 246**

### 1. Reporting period

Report for the half year ended:	31 December 2020
Previous corresponding periods:	Financial year ended 30 June 2020 Half-year ended 31 December 2019

### 2. Results for announcement to the market

Description	31-Dec-20	31-Dec-19	Change
Item 2.1 - Revenue from ordinary activities	\$1,229,241	\$10,279	Up 111,859%
Item 2.2 - Loss from ordinary activities	-\$2,889,389	-\$1,925,473	Down 50%
Item 2.3 - Net loss attributable to members	-\$2,889,389	-\$2,212,004	Down 31%

Item 2.4 – Dividends – no dividends for the period have been paid or declared (FY20: nil)

- Net tangible asset value:** +1.14cps (30-Jun-2020: +0.88cps)
- Details of entities over which control has been gained or lost during the period:** On 20 November 2020, Psychennex Pty Ltd (ACN 646 043 638) was incorporated for the purpose of undertaking the Group's psychedelic medicine activities.
- Dividends:** No dividends have been declared or paid during the period
- Details of dividend or distribution reinvestment plans in operation are described below:** Nil
- Details of associates and joint venture entities:** Nil
- The financial information provided in this Appendix 4D is based on the half-year condensed financial report which accompanies this report.**
- The financial report has been independently reviewed and is not subject to any qualified independent review statement.**



**Incannex Healthcare Limited**

ABN 93 096 635 246

Interim Financial Report

for the half-year ended 31 December 2020

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## **CORPORATE DIRECTORY**

### **BOARD OF DIRECTORS**

Mr Troy Valentine – Non-executive Chairman  
Mr Peter Widdows – Non-executive Director  
Dr Sud Agarwal – Non-Executive Director  
Mr Joel Latham – Managing Director

### **COMPANY SECRETARY**

Glenn Fowles

### **REGISTERED OFFICE**

Level 35, 525 Collins Street Melbourne VIC 3000

### **AUDITORS**

HLB Mann Judd  
Level 4, 130 Stirling Street, Perth WA 6000

### **SHARE REGISTRY**

AUTOMIC REGISTRY SERVICES  
Level 5, 126 Phillip Street, SYDNEY, NSW, AUSTRALIA, 2000

### **LAWYER**

Thomson Geer  
Level 35, 525 Collins Street, Melbourne VIC 3000

### **BANKER**

Westpac Banking Group

### **SECURITIES EXCHANGE LISTING**

ASX code: "IHL"

Australian Securities Exchange  
Level 4, North Tower Rialto, 525 Collins Street, Melbourne VIC 3000

## DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated entity, comprising Incannex Healthcare Limited (the "Company" or "IHL") and its controlled entities (collectively the "Group") for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### DIRECTORS

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. All directors were in office for the entire period.

- Troy Valentine (Chairman)
- Peter Widdows
- Sud Agarwal
- Joel Latham

### PRINCIPAL ACTIVITIES

The Group continued its principal activity of researching, developing and selling medicinal cannabinoid products. On 20 November 2020 the Group also established a separate business to research and develop the use of psychedelic medicine and therapies for the treatment of mental health disorders.

### REVIEW OF OPERATIONS

#### Results

The consolidated loss for the half-year after tax was \$2,889,389 (2018: loss of \$2,212,004).

During this period, the Group worked towards implementing separate strategies for its two business segments.

#### Medicinal Cannabis

The Company continued its focus on novel drug development programs using cannabinoids to treat unmet medical conditions, the three proprietary drug formulations pertain to (i) Obstructive Sleep Apnoea; (ii) Sepsis Associated Acute Respiratory Distress Syndrome ('SAARDS'); and (iii) traumatic brain injury ('TBI'). During the period the Group's sales of the Company's CBD based oil medicines also continued to grow.

#### Psychedelic Medicine

On 20 November 2020, the Company embarked on a new program based around the application of psilocybin combined with clinical therapy to treat General Anxiety Disorder ('GAD').

#### **Capital Management**

The Group raised \$11,199,678 in new capital (before costs) during the period through the exercise of options – significantly enhancing its working capital position – refer to note 7 for further detail.

Other than the above items, and in the period between the end of the half-year and the date of this report there has not arisen any other item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

### AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of this Directors' Report for the half-year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.



Troy Valentine  
Non-Executive Chairman  
Melbourne  
25 February 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Incannex Healthcare Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia  
25 February 2021



**L Di Giallonardo**  
Partner

**hlb.com.au**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Consolidated	
	Note	31 December 2020 \$	31 December 2019 \$
Sales	2(a)	1,177,163	7,350
Cost of sales		(537,939)	(8,450)
		639,224	(1,100)
Other income	2(b)	52,078	2,929
Administration expenses		(454,664)	(173,228)
Advertising and investor relations		(227,532)	(141,783)
Compliance, legal and regulatory		(89,065)	(56,270)
Research and development costs		(2,039,147)	(313,426)
Share based payment expense	5	(380,371)	(966,937)
Occupancy expenses		(61,992)	(1,042)
Salaries and employee benefit expense		(327,920)	(274,616)
<b>Loss before tax from continuing operations</b>		<b>(2,889,389)</b>	<b>(1,925,473)</b>
Income tax benefit (expense)		-	-
<b>Loss after tax from continuing operations</b>		<b>(2,889,389)</b>	<b>(1,925,473)</b>
Loss after tax from discontinuing operations	12	-	(286,531)
<b>Net loss for the period</b>		<b>(2,889,389)</b>	<b>(2,212,004)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(2,889,389)</b>	<b>(2,212,004)</b>
<b>Total comprehensive loss attributable to owners of the parent</b>		<b>(2,889,389)</b>	<b>(2,212,004)</b>
<b>Earnings per share from continuing operations</b>	3		
Basic loss per share (cents per share)		(0.32)	(0.30)
Diluted loss per share (cents per share)		(0.32)	(0.30)
<b>Earnings per share from discontinued operations</b>	3		
Basic loss per share (cents per share)		-	(0.04)
Diluted loss per share (cents per share)		-	(0.04)

The accompanying notes form part of these financial statements



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Consolidated	
	Note	31 December 2020	30 June 2020
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		11,840,308	3,603,390
Trade and other receivables		87,754	413,268
Other financial assets		39,963	36,262
Inventory		212,927	183,159
<b>Total current assets</b>		<b>12,180,952</b>	<b>4,236,079</b>
<b>Total assets</b>		<b>12,180,952</b>	<b>4,236,079</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		378,449	955,006
Other current liabilities		-	116,645
<b>Total current liabilities</b>		<b>378,449</b>	<b>1,071,651</b>
<b>Total liabilities</b>		<b>378,449</b>	<b>1,071,651</b>
<b>Net assets/(liabilities)</b>		<b>11,802,503</b>	<b>3,164,428</b>
<b>Equity</b>			
Issued capital	7	45,076,484	34,192,043
Reserves		2,133,611	1,490,588
Accumulated losses		(35,407,592)	(32,518,203)
<b>Total equity/(Net deficiency)</b>		<b>11,802,503</b>	<b>3,164,428</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,318,121	351,594
Payment to suppliers and employees	(4,235,483)	(2,022,124)
Interest and other income received	52,078	143,747
<b>Net cash used in operating activities</b>	<b>(2,865,284)</b>	<b>(1,526,783)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issues	11,200,178	7,119,901
Share issue costs paid	(97,976)	(493,385)
Repayment of debt	-	(65,000)
<b>Net cash provided by financing activities</b>	<b>11,102,203</b>	<b>6,561,516</b>
Net increase in cash and cash equivalents	8,236,918	5,034,733
Cash and cash equivalents at beginning of period	3,603,390	93,332
<b>Cash and cash equivalents at end of period</b>	<b>11,840,308</b>	<b>5,128,065</b>

The accompanying notes form part of these financial statements

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2019</b>	<b>26,951,744</b>	<b>451,643</b>	<b>(27,820,567)</b>	<b>(417,180)</b>
Loss for the period	-	-	(2,212,004)	(2,212,004)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(2,212,004)</b>	<b>(2,212,004)</b>
Placement shares issued	6,885,200	-	-	6,885,200
Shares issued on exercise of options	234,216	-	-	234,216
Options granted	-	244,734	-	244,734
Share based payments	-	966,937	-	966,937
Shares issued pursuant to prospectus	154	-	-	154
Share issue costs	(493,384)	-	-	(493,384)
<b>Balance at 31 December 2019</b>	<b>33,577,930</b>	<b>1,663,314</b>	<b>(30,032,571)</b>	<b>5,208,673</b>
<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2020</b>	<b>34,192,043</b>	<b>1,490,588</b>	<b>(32,518,203)</b>	<b>3,164,428</b>
Loss for the period	-	-	(2,889,389)	(2,889,389)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(2,889,389)</b>	<b>(2,889,389)</b>
Shares issued on exercise of options	11,199,678	-	-	11,199,678
Options granted	-	262,652	-	262,652
Share based payments	-	380,371	-	380,371
Share issue costs	(315,237)	-	-	(315,237)
<b>Balance at 31 December 2020</b>	<b>45,076,484</b>	<b>2,133,611</b>	<b>(35,407,592)</b>	<b>11,802,503</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of preparation**

The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Group is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 and any public announcements made by Incannex Healthcare Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year except for the impact of the new standards and interpretations effective 1 July 2020 as outlined below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. To ensure comparability with current year disclosures, some presentation changes have been made to comparative information.

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets.

The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

#### **(b) Adoption of new and revised standards**

##### **New Standards and Interpretations applicable for the half year ended 31 December 2020**

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

##### **Standards and Interpretations in issue not yet adopted**

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

#### **(c) Statement of compliance**

The interim financial statements were authorised for issue on 25 February 2021.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### **(d) Significant accounting estimates and judgements**

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

**(e) Going concern**

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

**NOTE 2: REVENUE**

**(a) Revenue from contracts with customers**

The Group derives its revenue from the sale of medicinal cannabinoid oils.

This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 (see note 4).

Point in time:	31 December 2020	31 December 2019
Sales of cannabinoid oils	1,177,163	7,350
<b>Total sales revenue</b>	<b>1,177,163</b>	<b>7,350</b>

**(b) Other income**

Revenue from other contractual arrangements	50,171	-
Interest	1,907	2,929
<b>Total sales revenue</b>	<b>52,078</b>	<b>2,929</b>

**NOTE 3: LOSS PER SHARE**

Basic loss per share has been calculated using the loss attributable to shareholders of the Parent Company and the weighted average number of ordinary shares on issue.

	31 December 2020	31 December 2019
Weighted average number of shares	902,054,732	649,048,889

**NOTE 4: SEGMENT REPORTING**

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, for the current reporting period, the Group now has two reportable segments, being (1) distribution of medicinal cannabis products; and (2), development of psychedelic medicines and therapies – the latter commenced during the period - and currently one geographical segment, namely Australia.

The revenues and results of these segments of the Group as a whole are set out in the condensed statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the condensed statement of financial position.

#### NOTE 4: SEGMENT REPORTING (continued)

In the corresponding period for FY20, the Group had two reportable segments, being (1) production and distribution of dental devices; and (2) distribution of medicinal cannabis products. The production and distribution of dental devices ceased on 30 June 2020 and the results for this segment are reported in the condensed statement of comprehensive income as 'Loss after tax on discontinued operations'.

A summary of revenue and expenses for the period and assets and liabilities at the end of the period for each segment is shown below:

	6 months ended 31 December 2020			
	Medicinal Cannabis	Psychedelic Medicine <sup>1</sup>	Unallocated	Total
Sales revenue	1,177,163	-	-	1,177,163
Cost of sales	(537,939)	-	-	(537,939)
Other revenue	6	-	52,072	52,078
Expenses	(2,157,611)	(90,000)	(1,333,080)	(3,580,691)
<b>Loss before tax</b>	<b>(1,518,381)</b>	<b>(90,000)</b>	<b>(1,281,008)</b>	<b>(2,889,389)</b>

<b>Segment assets</b>	774,229	-	11,406,723	12,180,952
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<b>Segment liabilities</b>	(119,141)	-	(259,308)	(378,449)
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	6 months ended 31 December 2019			
	Medicinal Cannabis	Dental Devices <sup>2</sup>	Unallocated	Total
Sales revenue	7,350	352,150	-	359,500
Cost of sales	(8,450)	(204,334)	-	(212,784)
Other revenue	-	140,817	2,929	143,746
Expenses	(322,779)	(575,164)	(1,604,523)	(2,502,466)
<b>Loss before tax</b>	<b>(323,879)</b>	<b>(286,531)</b>	<b>(1,601,594)</b>	<b>(2,212,004)</b>

<b>Segment assets</b>	96,836	338,666	5,162,710	5,598,212
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<b>Segment liabilities</b>	(130,330)	(241,441)	(17,768)	(389,539)
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<sup>1</sup> Commenced 20 November 2020

<sup>2</sup> Ceased 30 June 2020

#### NOTE 5: SHARE BASED PAYMENTS

##### A. Securities on Issue at 30 June 2020

As at 30 June 2020, the Group had a number of securities on issue that had either not completed all of their vesting conditions or had not yet reached their performance hurdles (or both). These included:

- a. 88,000,000 unlisted options previously issued with various performance hurdles set for achievement prior to their expiry date of 1 December 2020 did not meet these hurdles and were lapsed. The amount of \$72,656 that had been expensed during FY20 has been written-back in the current period;
- b. 1,166,666 ordinary shares approved by shareholders on 26 June 2020. Half of these vest upon continuing employment with the Company by the CEO on 30 June 2021 and the other half on 30 June 2022. \$456 was expensed for these options during FY20, with \$20,810 expensed during this period. \$20,810 will be expensed in the second half of FY21, and \$13,924 will be expensed in FY22;
- c. 1,500,000 options with a strike price of \$0.05 (750,000 expiring on 30 June 2025 and 750,000 expiring on 30 June 2026) were issued after approval by shareholders on 26 June 2020. Each 750,000 of these vest upon continued employment with the Company by the CEO until 30 June 2021 and 30 June 2022 respectively. \$438 was expensed for these options during FY20, with \$19,969 expensed during this period. \$19,969 will be expensed in the second half of FY21, and \$13,801 will be expensed in FY22;

## NOTE 5: SHARE BASED PAYMENTS (continued)

- d. 18,266,328 value-based performance rights with an expiry date of 22 November 2021, achieved their value milestones (ranging between \$60m and \$150m market capitalisation) and converted to ordinary shares during the period. Up to 30 June 2020, \$127,235 had been expensed and a residual amount of \$190,059 was to be expensed across the remainder of their vesting period, however having now vested, the full expense value of \$190,059 has been recognised in the current period;
- e. As at 31 December 2020, 12,037,265 value-based performance rights are yet to achieve their value milestone and need to do so prior to 22 November 2021 to convert to ordinary shares. At the start of the period, the amount of \$60,964 had been expensed during FY20, and a value of \$91,066 was yet to be expensed across the remainder of their vesting period (to 22 November 2021). Of this, \$32,535 has been expensed in the current period;
- f. 2,000,000 milestone-based performance rights subject to performance hurdles that must be achieved between 30 January 2021 and 31 March 2021 to convert to ordinary shares. \$1,345 was expensed in FY20 with \$54,789 being expensed in the first half of FY21 and the remaining \$7,870 to be expensed in the second half of FY21. In the event that the performance hurdles are not achieved, this amount will be written back in the second half of FY21; and
- g. 200,000,000 unlisted options issued that vest upon achievement of share price of \$0.20 and expire on 30 September 2021. As at 30 June 2020 the amount of \$131,096 had been expensed during FY20 with \$175,203 to be expensed over their remaining life – of this \$69,989 has been expensed during this period, with \$105,214 to be expensed between 1 January 2021 and 30 September 2021.

Description	Being expensed:			
	During FY20	This period FY21	Remainder of FY21	FY22 and after
88m unlisted options	72,656	(72,656)	-	-
1.167m CEO ordinary shares	456	20,810	20,810	13,924
1.5m CEO unlisted options	438	19,969	19,969	13,801
18.266m value-based performance rights	127,235	190,059	-	-
12.037m value-based performance rights	60,964	32,535	32,535	25,997
2m milestone-based performance rights	1,345	54,789	7,870	-
200m unlisted options	131,096	69,989	69,989	35,224
<b>Share Based Payments expense (A)</b>		<b>315,495</b>		

### B. New Securities Issued During Period

During the period, the Group also issued the following securities that are subject to expense at the time of their issue and over the life of their vesting period:

- a. 2,952,619 ordinary shares approved by shareholders at a general meeting held on 26 June 2020;
- b. 2,250,000 unlisted options approved by shareholders at a general meeting held on 26 June 2020;
- c. 30,164,690 unlisted options issued on 2 October 2020 as consideration for broker support of the exercise of the 262m listed IHLOB options series; and
- d. 20,000,000 unlisted options issued on 20 November 2020 as consideration for investor relations and corporate advisory work contracted.

**NOTE 5: SHARE BASED PAYMENTS (continued)**

Type	Quantity	Exercise price	Grant Date	Vest date / Expiry date	Expense Value
Ordinary shares	984,207	n/a	1-Jul-2020	30-Jun-2021	48,226
Ordinary shares	984,206	n/a	1-Jul-2020	30-Jun-2022	43,403
Ordinary shares	984,206	n/a	1-Jul-2020	30-Jun-2023	36,170
<b>Total (a)</b>	<b>2,952,619</b>				<b>127,799</b>
Unlisted options	750,000	\$0.05	1-Jul-2020	30-Jun-2025	25,432
Unlisted options	750,000	\$0.05	1-Jul-2020	30-Jun-2026	27,450
Unlisted options	750,000	\$0.05	1-Jul-2020	30-Jun-2027	29,040
<b>Total (b)</b>	<b>2,250,000</b>				<b>81,922</b>
Unlisted options	30,164,690	\$0.08	2-Oct-2020	30-Sep-2021	876,284
<b>Total (c)</b>	<b>30,164,690</b>				<b>876,284</b>
Unlisted options	10,000,000	\$0.15	20-Nov-2020	20-Nov-2024	659,400
Unlisted options	10,000,000	\$0.25	20-Nov-2020	20-Nov-2024	539,500
<b>Total (d)</b>	<b>20,000,000</b>				<b>1,198,900</b>

Type	Quantity	Expense Value	This period FY21	Remainder FY21	FY22 and after
(a) Ordinary Shares	2,952,619	127,799	40,650	40,650	45,609
(b) Unlisted options	2,250,000	81,922	24,226	24,226	32,940
(c) Unlisted options	30,164,690	876,284	217,261	436,935	222,089
(d) Unlisted options	20,000,000	1,198,900	44,890	198,174	955,835
<b>Share Based Payments expense (B)</b>			<b>327,027</b>		

**C. Amount expensed as Share Based Payments expense in the half-year ended 31 December 2020**

Share Based Payments expense (A) – for securities on issue at 30 June 2020	315,495
Share Based Payments expense (B) – for securities issued during this period	327,027
Less amount charged to share raising costs	(217,261)
Less amount charged to advertising and investor relations	(44,890)
<b>Total Share Based Payments expense</b>	<b>380,371</b>

**D. Valuation assumptions**

OPTIONS

The fair value of the equity-settled share options granted in the above tables is estimated as at the date of grant using a trinomial option model taking into account the terms and conditions upon which the options were granted.

Expiry date	30-Sep-21	20-Nov-23	20-Nov-23	30-Jun-25	30-Jun-26	30-Jun-27
Exercise price	\$0.08	\$0.15	\$0.25	\$0.05	\$0.05	\$0.05
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%	100%	100%
Risk-free interest rate	2%	2%	2%	2%	2%	2%
Expected life of option	1	3	3	4	5	6
Grant date share price	\$0.077	\$0.115	\$0.115	\$0.049	\$0.049	\$0.049

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The options vest upon the shares having a closing price of 20 cents per share or more for any 5 trading days at any time from the date of grant of the options until the expiry date of the options (30 September 2021).

SHARES

Ordinary shares issued have been valued based on the market price of the shares on grant date.

**NOTE 6: DIVIDENDS**

No dividend for the period has been declared or paid (2019: nil).



## NOTE 7: ISSUED CAPITAL

Movement in:	Issued Capital (\$)	Number of securities:				
		Ordinary Shares	Performance Shares	Performance Rights	Listed Options	Unlisted Options
<b>As at 1 July 2019</b>	<b>26,951,744</b>	<b>581,897,040</b>	<b>20,000,002</b>	<b>24,166,668</b>	<b>262,960,728</b>	<b>-</b>
Share issue costs	(493,385)	-	-	-	-	-
Options granted	-	-	-	-	-	209,919,705
Options exercised	234,217	10,855,423	-	-	(855,423)	(10,000,000)
Other securities issued	6,885,354	114,663,460	-	-	-	-
<b>As at 31 December 2019</b>	<b>33,577,930</b>	<b>707,415,923</b>	<b>20,000,002</b>	<b>24,166,668</b>	<b>262,105,305</b>	<b>199,919,705</b>

<b>As at 1 July 2020</b>	<b>34,192,043</b>	<b>748,654,489</b>	<b>-</b>	<b>41,553,593</b>	<b>260,533,407</b>	<b>380,169,705</b>
Performance rights converted	-	18,266,328	-	(18,266,328)	-	-
Share issue costs	(315,237)	-	-	-	-	-
Options granted	-	-	-	-	-	52,414,690
Options exercised	11,199,678	270,262,674	-	-	(260,533,407)	(9,729,267)
Other securities issued	-	2,952,619	-	-	-	-
Lapsed/expired	-	-	-	-	-	(88,000,000)
<b>As at 31 December 2020</b>	<b>45,076,484</b>	<b>1,040,136,110</b>	<b>-</b>	<b>23,287,265</b>	<b>-</b>	<b>334,855,128</b>

Details of options on issue	As at 31-Dec-19 Listed Options	As at 31-Dec-19 Unlisted Options	As at 31-Dec-20 Listed Options	As at 31-Dec-20 Unlisted Options
\$0.03 Exercise Price - Expiring 1 May 2020	-	10,000,000	-	-
\$0.04 Exercise Price - Expiring 1 December 2020	-	12,000,000	-	-
\$0.04 Exercise Price - Expiring 30 September 2020	262,105,305	-	-	-
\$0.05 Exercise Price - Expiring 30 June 2025	-	-	-	1,500,000.00
\$0.05 Exercise Price - Expiring 30 June 2026	-	-	-	1,500,000.00
\$0.05 Exercise Price - Expiring 30 June 2027	-	-	-	1,500,000.00
\$0.06 Exercise Price - Expiring 1 December 2020	-	14,000,000	-	-
\$0.08 Exercise Price - Expiring 1 December 2020	-	16,000,000	-	-
\$0.08 Exercise Price - Expiring 30 September 2021	-	89,919,705	-	110,355,128
\$0.10 Exercise Price - Expiring 1 December 2020	-	18,000,000	-	-
\$0.12 Exercise Price - Expiring 1 December 2020	-	20,000,000	-	-
\$0.14 Exercise Price - Expiring 1 December 2020	-	20,000,000	-	-
\$0.15 Exercise Price - Expiring 23 November 2023	-	-	-	10,000,000
\$0.25 Exercise Price - Expiring 23 November 2023	-	-	-	10,000,000
\$0.20 Exercise Price - Expiring 30 September 2021	-	-	-	200,000,000
<b>Total</b>	<b>262,105,305</b>	<b>199,919,705</b>	<b>-</b>	<b>334,855,128</b>

## NOTE 8: CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date.

## NOTE 9: FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair values.

## NOTE 10: RELATED PARTY DISCLOSURES

Directors' holdings in securities

31 December 2020	Options	Performance Shares and Rights <sup>#</sup>	Ordinary Shares
Mr Troy Valentine	7,116,950	1,500,000	23,734,248
Mr Peter Widdows	657,895	1,500,000	15,915,799
Dr Sud Agarwal <sup>*</sup>	200,000,000	14,037,265	54,266,328
Mr Joel Latham	4,700,000	5,000,000	17,948,414

31 December 2019	Options	Performance Shares and Rights <sup>#</sup>	Ordinary Shares
Mr Troy Valentine	48,355,557	2,762,538	19,900,914
Mr Peter Widdows	3,957,895	1,833,334	12,282,456
Dr Sud Agarwal <sup>*</sup>	110,000,000	-	10,000,000
Mr Joel Latham	4,437,500	6,000,000	10,245,795

\* Options and shares reported for Dr Sud Agarwal include those owned by Cannvalate Pty Ltd – an entity of which Dr Agarwal is a significant shareholder, the CEO and a director.

# Performance Shares convert on one-for-one basis on achievement of sales targets – refer to 30 June 2020 financial statements for further details. Performance Rights convert on a one-for one basis on achievement of sales targets or EBITDA hurdles – refer to 30 June 2020 financial statements for further details.

## NOTE 11: SIGNIFICANT EVENTS AFTER BALANCE DATE

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

## NOTE 12: DISCONTINUED OPERATIONS

As disclosed in the Group's financial report for the year ended 30 June 2020, the Group sold its 100% subsidiary, Gameday International Pty Ltd ("Gameday"), on 30 June 2020. The Condensed Consolidated Statement of Comprehensive Income discloses a loss after tax from discontinued operations, being Gameday, of \$286,531 for the half year ended 31 December 2019. This amount represents the net loss attributed to Gameday for that period.

## **DIRECTORS' DECLARATION**

In the opinion of the directors of Incannex Healthcare Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Troy Valentine  
Non-executive Chairman  
Melbourne

25 February 2021

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Incannex Healthcare Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

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

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Incannex Healthcare Limited does not comply with the *Corporations Act 2001* including:

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

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**25 February 2021**



**L Di Giallonardo**  
**Partner**