

InhaleRx Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	InhaleRx Limited
ABN:	90 611 845 820
Reporting period:	For the half-year ended 30 June 2024
Previous period:	For the half-year ended 30 June 2023

2. Results for announcement to the market

				\$
Loss from ordinary activities after tax attributable to the owners of InhaleRx Limited	down	48.2%	to	(737,576)
Loss for the half-year attributable to the owners of InhaleRx Limited	down	48.2%	to	(737,576)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$737,576 (30 June 2023: \$1,424,036).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.03)	(0.34)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of InhaleRx Limited for the half-year ended 30 June 2024 is attached.

12. Signed



Signed _____

Date: 30 August 2024

Sean Williams
Chairman

InhaleRx Limited
Corporate directory
30 June 2024

Directors	Sean Williams - Non-Executive Chairman Dr Andrew Saich - Non-Executive Director James Barrie - Non-Executive Director
Company secretaries	James Barrie
Registered office	Level 9, 505 Little Collins Street, Melbourne VIC 3000
Principal place of business	Level 9, 505 Little Collins Street, Melbourne VIC 3000
Share register	Automic Legal Pty Ltd Level 5 126 Phillip Street, Sydney NSW 2000
Auditor	RSM Australia Partners Level 27 120 Collins Street Melbourne Vic 3000
Stock exchange listing	InhaleRx Limited shares are listed on the Australian Securities Exchange (ASX code: IRX)
Corporate Governance Statement	Refer to www.inhalerx.com.au

InhaleRx Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of InhaleRx Limited (referred to hereafter as the 'Company', 'IRX', 'InhaleRx' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors

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

Sean Williams
Dr Andrew Saich
Dr John Crock (resigned 1 March 2024)
James Barrie (appointed 1 March 2024)

Principal activities

The principal activities of the consolidated entity during the period were focused on the development of registrable inhaled drug-device combinations. The consolidated entity's devices and drug formulations aim to bring fast, safe and effective relief to sufferers of pain and anxiety related illnesses.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$737,576 (30 June 2023: \$1,424,036).

InhaleRx's focus for the half-year has continued to be on developing its unique inhaled medicinal drug-device products to address unmet medical needs in the pain management and mental health sectors. Expenditure on these programmes was \$186,363 for the half-year (2023: \$1,251,083).

The Company's overarching goal is to achieve a New Drug Approval ("**NDA**") for each treatment with the US Food & Drug Administration ("**FDA**") as quickly and cost effectively as possible. InhaleRx plans to utilise the FDA's 505b(2) pathway in its clinical development plans in order to assist in this process.

IRX211 Breakthrough Cancer Pain Treatment

During the half year, InhaleRx completed the Phase 1 clinical trial for its pain treatment drug device combination, IRX211 which is intended as a treatment for Breakthrough Cancer Pain ("**BTcP**"). The Clinical Study Report ("**CSR**") was received on 3rd July 2024 and highlighted very promising insights into the safety and delivery efficiency of the drug-device combination. The Phase 1 study results have also enabled the Company to identify the precise dose for the proposed Phase 2 clinical trial.

InhaleRx has commenced the preparation of an Human Research Ethic Committee ("**HREC**") submission for its proposed Phase 2 clinical trial and is currently up-dating the draft clinical trial protocol following review and feedback from several Key Opinion Leaders ("**KOL**") who have relevant clinical experience. It is expected that a submission to a HREC will be submitted shortly.

IRX616a Panic Disorder Treatment

The Company has completed all necessary preparations, including KOL review, on its proposed clinical trial protocol for its IRX616a treatment for Panic Disorder ("**PD**"). The next step in the process will be to commence a tender process to select a Clinical Research Organisation ("**CRO**") to oversee the Phase 1 clinical trial. The tender documentation is currently close to finalisation and it is expected that the tender will commence subject to clarification on the Company's ability to fund the cost of the proposed trial.

Investigative New Drug Application for IRX616a

On 30 May 2024, the Company submitted a Investigational New Drug ("**IND**") application to the FDA for IRX616a. On 25 July 2024 the FDA provided a formal advice that the proposed trial had been placed on clinical hold pending submission by InhaleRx of additional safety data. A clinical hold is a standard regulatory procedure which occurs when the FDA identifies potential risks, concern or requires further information relevant to a proposed clinical study. IRX management is currently reviewing the formal FDA feedback and considering options for addressing the concerns identified.

It is important to note that an IND is not a pre-requisite requirement for the conduct of phase 1 and 2 clinical trials in Australia. Furthermore, the clinical hold designation only applies to the specific trial outlined in the IND application and it is not expected (subject to local HREC approval) that this will have any impact on the proposed Phase 1 IRX616a clinical trial discussed above.

InhaleRx Limited
Directors' report
30 June 2024

Capital raising

The Company entered into a \$500,000 convertible loan facility with Peak Asset Management on 27 March 2024 with \$250,000 available on execution and a further \$250,000 to be available on 27 September 2024. This facility is intended to be used for working capital purposes. The facility carries an interest rate of 10% per annum over a 2 year term, but may be repaid earlier at the Company's election. The lender has the right to convert any portion of the loan and accrued interest into ordinary shares prior to maturity and will be issued with options to purchase ordinary shares should the conversion proceed.

The Company continues to develop its plans for raising additional capital in order to fund the clinical development programs for IRX211 and IRX616a.

Intellectual property ("IP")

An innovation patent has been approved and provisional patents have been lodged during the half year. The Company has also identified some unique composition properties in the way the IRX211 drug device has performed and intends to explore opportunities to develop resulting novel IP in consultation with IRX's patent attorneys.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Sean Williams
Chairman

30 August 2024

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of InhaleRX Limited and its controlled entities for the half year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A stylized, handwritten signature of the RSM network.**RSM AUSTRALIA PARTNERS**A handwritten signature in black ink, likely belonging to R J Morillo Maldonado.

R J MORILLO MALDONADO
Partner

Dated: 30 August 2024
Melbourne, Victoria

InhaleRx Limited
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30 June 2024

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General information

The financial statements cover InhaleRx Limited as a consolidated entity consisting of InhaleRx Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is InhaleRx Limited's functional and presentation currency.

InhaleRx Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9,
505 Little Collins Street, Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2024.

InhaleRx Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

	Note	Consolidated June 2024 \$	June 2023 \$
Revenue			
Other income	3	121,395	438,237
Interest revenue calculated using the effective interest method		3,636	1,227
Expenses			
Consulting fees		(244,229)	(204,704)
Legal fees		(55,181)	(19,753)
Employee benefits expense		(100,689)	(90,485)
Audit fees		(16,102)	(15,746)
Insurance		(57,685)	(80,568)
Directors' fees		(97,647)	(116,795)
Impairment of intangible assets		-	(13,745)
Product development expenditure		(186,363)	(1,251,083)
Other expenses		(49,343)	(67,344)
Finance costs		(55,368)	(3,277)
Loss before income tax expense		(737,576)	(1,424,036)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of InhaleRx Limited		(737,576)	(1,424,036)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of InhaleRx Limited		<u>(737,576)</u>	<u>(1,424,036)</u>
		Cents	Cents
Basic earnings per share from continuing operations	12	(0.39)	(0.75)
Diluted earnings per share from continuing operations	12	(0.39)	(0.75)

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

InhaleRx Limited
Statement of financial position
As at 30 June 2024

		Consolidated	December
	Note	June 2024	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		332,631	715,819
Trade and other receivables	4	142,100	802,362
Other - prepayments and deposits		107,028	58,703
Total current assets		<u>581,759</u>	<u>1,576,884</u>
Total assets		<u>581,759</u>	<u>1,576,884</u>
Liabilities			
Current liabilities			
Trade and other payables	5	314,743	350,668
Borrowings	6	318,616	560,275
Employee benefits		-	179
Total current liabilities		<u>633,359</u>	<u>911,122</u>
Non-current liabilities			
Employee benefits		386	291
Total non-current liabilities		<u>386</u>	<u>291</u>
Total liabilities		<u>633,745</u>	<u>911,413</u>
Net assets/(liabilities)		<u>(51,986)</u>	<u>665,471</u>
Equity			
Issued capital		14,075,978	14,075,978
Reserves		(221,227)	(241,346)
Accumulated losses		<u>(13,906,737)</u>	<u>(13,169,161)</u>
Total equity/(deficiency)		<u>(51,986)</u>	<u>665,471</u>

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

InhaleRx Limited
Statement of changes in equity
For the half-year ended 30 June 2024

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2023	13,927,516	(298,865)	(11,725,890)	1,902,761
Loss after income tax expense for the half-year	-	-	(1,424,036)	(1,424,036)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,424,036)	(1,424,036)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	148,462	-	-	148,462
Share-based payments	-	24,896	-	24,896
Balance at 30 June 2023	<u>14,075,978</u>	<u>(273,969)</u>	<u>(13,149,926)</u>	<u>652,083</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 January 2024	14,075,978	(241,346)	(13,169,161)	665,471
Loss after income tax expense for the half-year	-	-	(737,576)	(737,576)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(737,576)	(737,576)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	20,119	-	20,119
Balance at 30 June 2024	<u>14,075,978</u>	<u>(221,227)</u>	<u>(13,906,737)</u>	<u>(51,986)</u>

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

InhaleRx Limited
Statement of cash flows
For the half-year ended 30 June 2024

	Consolidated	
	June 2024	June 2023
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(764,888)	(1,603,674)
Interest received	3,636	1,095
R&D tax rebate received	763,111	-
Interest and other finance costs paid	(38,260)	(3,277)
	<u>(36,401)</u>	<u>(1,605,856)</u>
Net cash used in operating activities		
	<u>(36,401)</u>	<u>(1,605,856)</u>
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of convertible notes	200,000	-
Share issue transaction costs	-	(1,538)
Repayment of borrowings	(546,787)	-
	<u>(346,787)</u>	<u>(1,538)</u>
Net cash used in financing activities		
	<u>(346,787)</u>	<u>(1,538)</u>
Net decrease in cash and cash equivalents	(383,188)	(1,607,394)
Cash and cash equivalents at the beginning of the financial half-year	<u>715,819</u>	<u>2,133,387</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>332,631</u></u>	<u><u>525,993</u></u>

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

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period and there was no impact on applying these standards.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

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

As disclosed in the half-year report, the Consolidated entity incurred a loss of \$737,576 and had net cash outflows from operating activities of \$36,401 for the six-month period ended 30 June 2024. As at that date, the Consolidated entity's current liabilities exceeded its current assets by \$51,600 and had a net liability position of \$51,986.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Consolidated entity will continue as a going concern.

Notwithstanding the above matters, having reviewed the cash flow forecast, the directors have concluded that the Consolidated entity will be in a position to continue as a going concern and to meet its liabilities and obligations for a period of at least twelve months from the date of signing this report. The cash flow forecast included the following matters:

- Under the convertible note agreement signed on 27 March 2024, the entity will obtain a further \$300,000 before 30 September 2024, to assist with working capital requirements;
- The Consolidated entity continues to proactively manage operating cash flow requirements in line with available resources, and has the ability to defer non-essential expenditure; and
- The Consolidated entity has the ability to seek additional capital raising under its general placement capacity. Based on previous successes raising capital, the Directors are confident that the company will be able to raise additional capital.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated entity does not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment. The operating segment is development of medical technologies. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

InhaleRx Limited
Notes to the financial statements
30 June 2024

Note 3. Other income

	Consolidated	Consolidated
	June 2024	June 2023
	\$	\$
R&D tax rebate	121,395	438,237

Note 4. Current assets - trade and other receivables

	Consolidated	Consolidated
	June 2024	December
	\$	2023
	\$	\$
Other receivables	-	14,666
R&D tax rebate receivable	121,395	763,111
GST receivable	20,705	24,585
	142,100	802,362

Note 5. Current liabilities - trade and other payables

	Consolidated	Consolidated
	June 2024	December
	\$	2023
	\$	\$
Trade payables	145,556	183,563
Other payables	169,187	167,105
	314,743	350,668

Note 6. Current liabilities - borrowings

	Consolidated	Consolidated
	June 2024	December
	\$	2023
	\$	\$
Insurance premium funding	102,310	13,488
R&D finance facility	-	546,787
Convertible notes - financial liability	83,829	-
Convertible notes - derivative financial liability	132,477	-
	318,616	560,275

Note 6. Current liabilities - borrowings (continued)

On 27 March 2024, the company signed a loan agreement with a principal value of \$500,000 with the following key terms:-

- \$250,000 was payable at execution and the balance is payable six months after the initial disbursement (\$50,000 of this amount had not received at 30 June 2024);
- the debt will carry an interest rate of 10% per annum, accruing from the date of disbursement or drawdown, to be capitalised, with repayment at completion of the loan term;
- loan has a 2 year term from the initial disbursement, but may be repaid earlier at the company's election;
- at any point during the term of the loan, the lender shall have the option to convert any portion of the outstanding principal and accrued interest into ordinary shares of the company at a conversion price of \$0.05 per share or the 30 day VWAP, whichever is the lower;
- the lender will also be issued options to purchase ordinary shares of InhaleRx. The number of options issued will be equal to the number of ordinary shares into which the loan is convertible at the conversion price. The options will have an exercise price of \$0.05 per ordinary share and will be exercisable for a period co-terminous with the loan term; and
- Upon conversion of the lender is entitled to receive one option for each share issued. The options have an exercise price of \$0.05 and expire at 5pm on the business day after issue.

Given that the holder has the right to variable number of shares the instrument is classified as a hybrid instrument under *AASB 9 Financial Instruments*, with a non-derivative financial instrument liability and an embedded derivative financial liability recognised at inception.

The derivative liability is initially recognised at fair value and then subsequently remeasured at each reporting period with the corresponding gain or loss recognised through the consolidated statement of profit or loss. The remaining value is initially recognised as a financial liability and amortised over the life of the loan using the effective interest rate method.

During the financial half-year, a loss of \$4,198 was recognised through the consolidated statement of profit or loss relating to the remeasurement of the derivative financial liability and \$12,108 was recognised in finance costs relating to amortisation of the financial liability.

Refer to note 8, for further information relating to fair value measurement.

Note 7. Equity - dividends

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

Note 8. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - June 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Convertible notes payable	-	83,928	-	83,928
Conversion option of convertible notes	-	132,477	-	132,477
Total liabilities	-	216,405	-	216,405

There were no transfers between levels during the financial half-year.

Note 9. Contingent assets and liabilities

In the opinion of the directors, the consolidated entity did not have any contingencies at 30 June 2024 (31 December 2023: none).

Note 10. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	June 2024	June 2023
	\$	\$
Payment for goods and services:		
Product development expenditure incurred with Ingenu CRO Pty Ltd (an entity related to Darryl Davies)	132,000	730,000
Product development expenditure incurred with Cannvalate Pty Ltd (an entity related to Darryl Davies)	-	8,990
Company secretary fees with Fernville Group Pty Ltd (an entity related to James Barry)	14,000	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	June 2024	December 2023
	\$	\$
Current payables:		
Fees payable to directors and key management personnel	119,024	50,826
Trade payables Ingenu CRO Pty Ltd (an entity related to Darryl Davies)	48,400	96,800

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 11. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 12. Earnings per share

	Consolidated	
	June 2024	June 2023
	\$	\$
Loss after income tax attributable to the owners of InhaleRx Limited	<u>(737,576)</u>	<u>(1,424,036)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>189,766,957</u>	<u>188,938,227</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>189,766,957</u>	<u>188,938,227</u>

Note 12. Earnings per share (continued)

	Cents	Cents
Basic earnings per share from continuing operations	(0.39)	(0.75)
Diluted earnings per share from continuing operations	(0.39)	(0.75)

InhaleRx Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Sean Williams
Chairman

30 August 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of InhaleRX Limited

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of InhaleRX Limited ('the Company') and its controlled entities (together 'the Consolidated entity') which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated entity 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 InhaleRX Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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* ('ASRE 2410'). 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 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 (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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of InhaleRX Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Consolidated entity incurred a loss of \$737,576 and had net cash outflows from operating activities of \$36,401 for the six-month period ended 30 June 2024. As at that date, the Consolidated entity's current liabilities exceeded its current assets by \$51,600 and had a net liability position of \$51,986. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

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 Consolidated entity's financial position as at 30 June 2024 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.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Dated: 30 August 2024
Melbourne, Victoria