

ANNUAL REPORT

30 JUNE 2022

Firebrick Pharma Limited
ABN 64 157 765 896
for the financial year ended 30 June 2022

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Directors

Dr Peter Molloy
Dr Stephen Goodall
Dr Phyllis Gardner
Dr Richard Treagus

Company Secretary

Mr Stephen Buckley

Registered Office and Principal Place of Business

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ASX Code - FRE

Firebrick Pharma listed on the ASX on 28 January 2022 – with a bang. We listed at a price of 20 cents per share but opened much higher and closed above 60 cents on the first day of trading, with an extraordinary 16 million shares traded on the opening day. By the close of the fifth day of trading, our share price was 59.5 cents – nearly 3 times the IPO price – and a total of 52 million shares had changed hands. Clearly, we underestimated the broad appeal of the Firebrick story.

As expected, our share price and trading volume have come back to earth over the last several months, but I am pleased to say that the share price has continued to trade above our IPO price, which must be considered a meritorious achievement given the fact that most ASX healthcare companies have seen their market values decline significantly over the same period.

On behalf of the Firebrick Board, I want to thank all those investors who have come onboard since our ASX listing. I can assure you that our journey together has just began and sincerely hope that you will stay with us for what I believe will be an exciting and rewarding journey ahead. I also would like to thank those investors who supported Firebrick during our earlier life as a private company. Without your faith, funding and support over the years, Firebrick would not be in its current position.

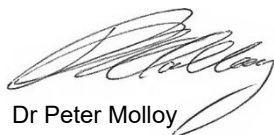
And that position is strong. We are well-resourced, with adequate funding to see us beyond the end of the FY23 financial year based on our current budgetary expectations. We have already started the two clinical trials that we telegraphed as key goals for the Company in the listing prospectus: A Phase 2 trial of Nasodine® Nasal Spray ("Nasodine") in the management of COVID-19, and a confirmatory Phase 3 trial in the treatment of the common cold.

I can assure you that launching and managing late-stage clinical trials is a huge undertaking, and we have launched two of them in the last six months. The trials are 'blinded' so we will not be able to report results until recruitment has been completed and the results analysed.

In the meantime, we are appealing TGA's decision not to approve Nasodine based on the first Phase 3 common cold study which was completed in 2019. By way of background, that study showed that Nasodine had a consistent and positive clinical effect and that the benefit on 'overall cold severity' – a well-validated measure – was statistically significant in people with stronger colds, those with PCR-confirmed viral infections, and those who started treatment within 24 hours after onset of cold symptoms. However, the trial did not demonstrate a statistically significant benefit on nasal symptoms alone, which (for various reasons) we chose as the primary endpoint for the trial.

Given that TGA has acknowledged that Nasodine is safe and meets all their stringent manufacturing and quality requirements, we continue to believe that Nasodine should be approved immediately, without the need to wait for a new submission following the results of a second Phase 3 trial. To that end we have appealed to the AAT (Administrative Appeals Tribunal) for an independent adjudication. The timeline for a result from the AAT process remains fluid, but rest assured we will keep the market informed of all material developments.

One way or another we remain confident that Nasodine will be approved in Australia, either in the near term from the appeal process, or in the medium term through a resubmission to TGA following the current Phase 3 trial. Once approved, our market research indicates that Nasodine will be enthusiastically adopted by doctors, pharmacists and consumers as a new breakthrough treatment for the common cold.



Dr Peter Molloy
Executive Chairman and Chief Executive Officer

Your Directors present their report, together with the financial statements of Firebrick Pharma Limited ("Company" or "Firebrick") for the financial year ended 30 June 2022.

DIRECTORS

The names of Directors in office at any time during and since the end of the year to the date of this report are:

Name	Status	Appointment/Resignation Date
Dr Peter Molloy	Executive Chairman and Chief Executive Officer	Appointed 12 April 2012
Dr Stephen Goodall	Executive Director and Chief Operating Officer	Appointed 12 April 2012
Dr Phyllis Gardner	Non Executive Director	Appointed 13 November 2020
Dr Richard Treagus	Non Executive Director	Appointed 1 June 2022
Dr Peter Kash	Non Executive Director	Appointed 21 February 2020, Resigned 18 October 2021

COMPANY SECRETARY

The following person held the position of Company Secretary during and since the end of the year to the date of this report:

Stephen Buckley	Appointed 4 December 2020
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PRINCIPAL ACTIVITIES

The principal activity for the Company during the year was the development and commercialisation of Nasodine, a broad-spectrum anti-viral spray, designed to be an effective treatment and prevention of respiratory viral infections such as the common cold.

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS

Successful ASX listing

On 18 October 2021 at the Company's Annual General Meeting, shareholders approved the undertaking of a 3:1 share split in anticipation of an ASX (Australian Securities Exchange) listing at a price of \$0.20 per share. The split subsequently took place on 2 November 2021.

On 21 October 2021, following the announcement of the Board's intention to proceed to the ASX listing, the Company received \$2.18 million from the exercise of 4,355,000 Series D Options. Then on 28 October 2021, the Company completed the placement of the shortfall from the Series D Option exercise, bringing the total cash injection from the Series D Option exercise to approximately \$3.6 million.

On 26 November 2021, Firebrick lodged its Prospectus with ASIC pursuant to the listing on the ASX, and successfully raised the maximum amount of \$7 million. Then on 28 January 2022, the Company completed its ASX listing and commenced trading on the Australian Securities Exchange under the ASX code of "FRE".

The Prospectus had telegraphed the Company's intention to undertake two key clinical trials during calendar 2022: (1) a confirmatory Phase 3 common cold clinical trial to aid international registrations of Nasodine Nasal Spray ("Nasodine") and (2) a Phase 2 proof-of-concept clinical trial for Nasodine in COVID-19. The progress with these key outcomes is described below.

Phase 2 Clinical Trial in COVID-19

On 1 February 2022, Firebrick announced that the Phase 2 trial in COVID-19 patients in South Africa had received approval to proceed from the South African Health Products Regulatory Authority (SAHPRA). It was not until 26 April 2022, when the fifth wave of COVID-19 started in South Africa, that the first patient was recruited.

The study is a randomised, placebo-controlled Phase 2 trial, titled: "Reduction of nasal shedding of SARS-CoV-2 in COVID-19 positive patients by the use of Nasodine® (povidone-iodine 0.5%) Nasal Spray."

REVIEW OF OPERATIONS (CONTINUED)

The trial is scheduled to recruit up to 210 adults who are COVID-positive by Rapid Antigen Test (RAT) to achieve a target primary endpoint population of 144 subjects who will be confirmed by viral culture to be shedding SARS-CoV-2 virus.

In 2021, Firebrick Pharma sponsored a pilot human study that showed that a single Nasodine dose (4 sprays per nostril, 1.12 mL per dose) led to an overall 79% reduction in viral shedding at one hour after the dose in six COVID-19 patients who were shedding the virus from the nose. The current trial significantly extends that research by undertaking a multi-dose, placebo-controlled, Phase 2 trial looking at impact on viral load and other outcomes over several days.

The primary aim of the trial will be to show that frequent Nasodine application (every 2 hours, up to eight-times-daily) over three days leads to a significant reduction in nasal shedding of SARS-CoV-2 virus, compared with a placebo nasal spray. Secondary aims will include whether Nasodine treatment (compared with placebo) reduces the number of days to a negative RAT and increases the percentage of subjects who have cleared the virus from the upper respiratory tract within 5 days, based on a combined throat and nasal swab.

The fifth wave of COVID-19 in South Africa was shallower than expected and ended in mid-June, at which time recruitment was paused pending the next wave, which was expected to start in August. In the meantime, the pause gave the South African sites the opportunity to focus on recruiting for the Company's Phase 3 common cold study. The company expects to provide a comprehensive recruitment update before the end of the calendar year.

Phase 3 Clinical Trial for the Common Cold

On 3 May 2022, the Phase 3 common cold trial started with the first patient recruited at the CMAX recruitment site in Adelaide. The Phase 3 trial is a double-blinded, randomised, placebo-controlled Phase 3 trial, titled: "Confirmatory Phase III study of Nasodine Nasal Spray (povidone-iodine 0.5%) as a symptomatic treatment for early stage common cold in the natural setting."

The trial is the Company's second Phase 3 study of Nasodine in the treatment of the common cold and is intended primarily to support international regulatory approvals. However, if the Australian appeal (see below) is unsuccessful, it may also be used to support approval in Australia.

The primary endpoint of the trial will be the impact of Nasodine treatment (3 sprays per nostril, 4 times daily for 5 days) on overall cold severity in the viral-infected population. Overall cold severity will be measured using the Global Severity Score (GSS) from the WURSS-21 cold severity survey. This is the same endpoint that showed a positive result for Nasodine in the first Phase 3 study.

The trial is targeted to recruit up to 450 adult subjects with early cold symptoms to achieve a target treatment population of 196 subjects who are confirmed by PCR to have a viral cold. Any subjects shown by PCR testing to have SARS-CoV-2 infection (COVID-19) will be excluded from the primary endpoint population but retained in the overall study population for some secondary endpoints. The trial is a multi-centre international study, with recruitment expected at three sites in Australia (Adelaide, Geelong, Ballarat) and two sites in South Africa.

There is no doubt that the current heightened awareness and concern about upper respiratory symptoms and the potential for it to be COVID-19, has made it more difficult to recruit symptomatic subjects for a common cold clinical trial. This has constrained early recruitment to this trial in some sites, but trial recruitment is now advancing satisfactorily. The company expects to provide a comprehensive recruitment update before the end of the calendar year.

Appeal against TGA Decision on Nasodine

The Prospectus indicated that Firebrick would consider appealing TGA's expected initial decision not to approve Nasodine in Australia based on the first Phase 3 trial.

The basis for TGA's initial decision was that despite having no concerns with the quality or safety of Nasodine, the TGA remained unconvinced about the efficacy based on the first Phase 3 trial not meeting its primary endpoint.

REVIEW OF OPERATIONS (CONTINUED)

However, Firebrick maintained that Nasodine did demonstrate statistical significance in reducing overall cold severity – a validated clinical endpoint – in people with stronger cold symptoms, who started treatment within 24 hours of symptom onset, and those with a confirmed viral infection; Firebrick believed that this should be adequate to support the approval of Nasodine as a new treatment for the common cold, especially given it would be the only available treatment that targets the viral cause of colds.

On 1 March, having received the letter from TGA confirming the agency's decision not to approve Nasodine, the Company announced that it would proceed with an appeal against the decision. The first step was an appeal under section 60 of the Therapeutic Goods Act seeking reconsideration of a decision by the TGA. The section 60 appeal was filed in early May and the outcome reported to the market on 7 July 2022. That outcome was a confirmation of the initial decision by the TGA. The next available step was an appeal to the Administrative Appeals Tribunal (AAT) for an independent review of TGA's decision. The Company filed the application with AAT in early August 2022. The AAT process will allow Firebrick to present its position to an independent tribunal, including presentation of new data that might become available from the second Phase 3 trial. The AAT process does not have a fixed timetable and the Company will report key outcomes as they occur.

Patents

On 17 February 2022, the Company announced that its patent application covering the use of Nasodine in the management of COVID-19 had been granted in the US. Subsequently, on 25 May 2022, the Company announced that its patent covering the use of Nasodine for the common cold had been granted in Malaysia, bringing the number of countries where the patent had been granted to 26*:

Australia	Great Britain	Portugal
Austria	Greece	Sweden
Belgium	Hong Kong	Turkey
Switzerland	Hungary	Malaysia
Germany	Ireland	New Zealand
Denmark	Italy	Philippines
Spain	Netherlands	South Africa
Finland	Norway	United States
France	Poland	

*The patent is still pending in Canada, Japan and Singapore.

The patent, which expires in most countries in 2035, is titled: "Treatment and prevention of the common cold using povidone-iodine," and protects the intranasal use of povidone-iodine (in any form) for the treatment or prevention of the common cold. Granted claims include treating and preventing colds, as well as reducing the viral load of common cold viruses, prevention of secondary complications of colds, such as bronchitis, otitis media and sinusitis, and reducing the risk of more serious complications in at-risk population.

New Director

On 25 May 2022, the Company was pleased to announce the appointment of Dr Richard Treagus as a non-executive director on the Firebrick board of directors, with effect from 1 June 2022.

Dr Treagus is a physician and highly credentialled ASX director who brings valuable skills and experience to Firebrick. He graduated with an MB ChB (Medicine and Surgery, First class with Honours), MPharmMed (Master of Medicine) and an MBA (Master of Business Administration) from universities in South Africa. After a period as Medical Director for Wyeth-Ayerst (now Pfizer), in 1998 he became Commercial Director of Aspen Pharmacare in South Africa, where he was responsible for all sales, marketing and business development for pharmacy and consumer products. Between 2002 and 2006, he was General Manager of Sigma Pharmaceuticals in Melbourne, responsible for all sales, marketing and business development, then from 2006 to 2012 was Managing Director and CEO of Acrux (ACR), the market value of which increased 10-fold during his tenure. Between 2013 and 2020, he was Executive Chairman of Neuren Pharmaceuticals (NEU), and its market value increased 6-fold during his tenure.

FINANCIAL REVIEW

At 30 June 2022, the Company had net assets of \$8,279,331, including \$7,142,900 in cash reserves.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. While it has not significantly impacted the entity up to 30 June 2022, the longer-term impacts on the Company cannot be fully determined at this time.

There are no other significant changes in the state of affairs for the financial year ended 30 June 2022.

EVENTS SUBSEQUENT TO REPORTING DATE

On 07 July 2022 the Group announced the outcome of the S60 appeal decision for Nasodine, which was a confirmation of the TGA's initial decision.

On 03 August 2022 the Group announced that 360,000 options exercisable at \$0.0067 on or before 30 April 2024 were exercised and converted to Ordinary Shares.

There have been no other material events or circumstances that have arisen since the date of this report.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Having recently listed on the ASX, the Company is at the beginning of its journey towards achieving long-term shareholder value growth, most of which is likely to occur after Nasodine is approved in Australia and sales commence. Market research indicates that the prospects for Nasodine in Australia are excellent. Currently, the Company has adequate funding to meet its operational needs up to the approval of Nasodine in Australia. Once approved in Australia, Nasodine is expected to be rolled out commercially through distribution partners in all major markets.

INFORMATION ON DIRECTORS

Dr Peter Molloy	Founder, Executive Chairman and Chief Executive Officer
Qualifications	BSc, MBA, FAICD, PhD
Experience	Peter Molloy trained as microbiologist and biochemist and subsequently built a successful career in the international pharmaceutical industry. At Pharmacia (Pfizer) he was Managing Director of Australia/NZ operations and later Vice President for Strategic Marketing, responsible for the marketing of hundreds of pharmaceuticals across 22 countries. During his pharmaceutical career, he has directly launched 23 new pharmaceutical products and executed 40 international licensing or distribution deals. Subsequently, as CEO of four biotech companies, he has led numerous R&D programs, moved several drugs from research into human clinical trials, and executed valuable international pharmaceutical partnerships including two \$100m+ licensing deals. In 2002-2005, he was CEO of one of the world's leading antiviral research companies, Biota Holdings Limited, where during his term the company's market value increased from \$30m to around \$300m. Between Nov 2015 and May 2020, he was founding CEO of Race Oncology Limited, which he listed on the ASX in 2016 at a valuation of \$12 million; at 30 June 2021, the company's valuation exceeded \$500 million. Notably, Dr Molloy was responsible for the creation and launch in Australia of Betadine Sore Throat Gargle, which has subsequently become a leading OTC product in Australia and the inspiration for the development of Nasodine. Dr Molloy is a founder of Firebrick and co-inventor on all the key Firebrick patents.
Interest in Shares and Options at the date of this report	30,326,472 Ordinary Shares
Directorships held in other listed entities (last 3 years)	Race Oncology Ltd (resigned 20 May 2020)
Dr Stephen Goodall	Founder, Executive Director and Chief Operating Officer
Qualifications	BAppSc, MAppSc, MBA, PhD
Experience	Stephen Goodall has a successful track record in intellectual property, pharmaceutical development, manufacturing, regulatory strategy and clinical development. He was instrumental in developing the intellectual property that underpins the Firebrick patent. Previously, he was Chief Operating Officer of Viralytics, which was later successfully acquired in 2018 for \$500 million by the US big pharma company, Merck. Previously, he was the Director of Pharmaceutical Development at Vapotronics, where he managed all aspects of inhaled drug development and formulation and before that, Director of Development at AGEN Biomedical for 11 years. He has extensive experience in the preclinical, IND, regulatory and human clinical phases of drug development. He also has an impressive background in process development, production scale-up and GMP manufacturing for pharmaceuticals. Dr Goodall is a founder of Firebrick and co-inventor on all the key Firebrick patents.
Interest in Shares and Options at the date of this report	30,326,472 Ordinary Shares
Directorships held in other listed entities (last 3 years)	N/A

INFORMATION ON DIRECTORS (CONTINUED)

Dr Phyllis Gardner	Non-Executive Director
Qualifications	M.D
Experience	Phyllis Gardner is Professor of Medicine at Stanford University and is an accomplished scientist, entrepreneur and venture capitalist, and has been a director of many prominent public biotechnology companies in the United States.
Interest in Shares and Options at the date of this report	600,000 Ordinary Shares
Directorships held in other listed entities (last 3 years)	N/A
Dr Richard Treagus	Non-Executive Director
Qualifications	BScMed, MB ChB, MPharmMed, MBA
Experience	Between 1990 and 1997, Dr Treagus graduated with an MB ChB (Medicine and Surgery, First class with Honours), MPharmMed (Master of Medicine) and an MBA (Master of Business Administration) from universities in South Africa. After a period as Medical Director for Wyeth-Ayerst (now Pfizer), in 1998 he became Commercial Director of Aspen Pharmacare in South Africa, where he was responsible for all sales, marketing and business development for pharmacy and consumer products. Between 2002 and 2006, he was General Manager of Sigma Pharmaceuticals in Melbourne, responsible for all sales, marketing and business development, then from 2006 to 2012 was Managing Director and CEO of Acrux (ACR), the market value of which increased 10-fold during his tenure. Between 2013 and 2020, he was Executive Chairman of Neuren Pharmaceuticals (NEU), and its market value increased 6-fold during his tenure.
Interest in Shares and Options at the date of this report	100,000 Options with an expiry date which is four (4) years after the Options are granted and an exercise price equivalent to a 43% premium to the five day volume weighted average market price of the Company's shares at time of approval (subject to shareholder approval at the Annual General Meeting to be held in November 2022).
Directorships held in other listed entities (last 3 years)	BTC Health Ltd (Appointed 4 August 2014) Neuren Pharmaceuticals Limited (Resigned 26 May 2020)
Dr Peter Kash	Non-Executive Director
Qualifications	BSc, MBA, EdD
Experience	Peter Kash worked on Wall Street for 30 years and is a renowned biotech entrepreneur, who has raised at least US\$1 billion for private biotech companies and co-founded more than a dozen companies, which collectively have six FDA-approved drugs. He is currently a co-founder and Vice-Chairman of TargImmune Therapeutics, an oncology platform company in Switzerland. Dr Kash holds a BSc in Management Science, an MBA in Banking and International Finance and a Doctorate in Education. He has held Adjunct, Associate and Visiting Professorships at the Wharton School of Business, Hebrew University in Jerusalem and Nihon University in Tokyo, as well as lectured worldwide and authored and co-authored several books. Currently, Dr. Kash is General Partner and Managing Director of Camelot BioCapital.
Interest in Shares and Options at the date of this report	2,795,508 Ordinary Shares (at resignation date)
Directorships held in other listed entities (last 3 years)	N/A

MEETING OF DIRECTORS

The number of formal meetings of Directors held during the year and the number of meetings attended by each director was as follows:

		DIRECTORS' MEETINGS	
		Number Eligible to Attend	Number Attended
Dr Peter Molloy	Appointed 12 April 2012	4	4
Dr Stephen Goodall	Appointed 12 April 2012	4	4
Dr Phyllis Gardner	Appointed 13 November 2020	4	4
Dr Richard Treagus	Appointed 1 June 2022	1	1
Dr Peter Kash	Resigned 18 October 2021	1	1

INDEMNIFYING OFFICERS AND AUDITORS

Indemnification

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 provision of audit services.

OPTIONS

At the date of this report the unissued ordinary shares of the Company under option (i.e., all are issued under the Company's 2019 startup Employee Option Plan) are as follows:

Grant Date	Expiry Date	Exercise Price	Number of shares under option
1 January 2019	1 January 2024	\$0.0067	1,800,000
31 January 2019	31 January 2024	\$0.0067	900,000
30 April 2019	30 April 2024	\$0.0067	360,000
30 September 2019	30 September 2024	\$0.0067	360,000
31 March 2020	31 March 2025	\$0.01	2,700,000
1 April 2020	1 April 2025	\$0.01	189,000
1 September 2020	1 September 2025	\$0.025	180,000
22 January 2021	22 January 2026	\$0.0233	1,260,000
1 April 2021	1 April 2026	\$0.0217	960,000
1 June 2021	1 June 2026	\$0.0167	540,000
			9,249,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

During the year ended 30 June 2022:

- 4,355,000 Ordinary Shares were issued on the Series D option conversion;
- 3,045,000 Ordinary Shares were issued on the Series D options expiry and shortfall placement; and
- 840,000 options exercisable at \$0.0217 on or before 1 April 2026 were forfeited on employee termination.

INSURANCE PREMIUMS

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.

ENVIRONMENTAL REGULATIONS

The Company 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.

NON-AUDIT SERVICES

BDO Audit (WA) Pty Ltd is Firebrick's auditor. BDO Corporate Finance (WA) Pty Ltd prepared the Investigating Accountant's Report for the Company's Prospectus. Total charges for preparation of the Investigating Accountant's Report were \$17,048.

There were no other non-audit service provided during the financial year ended 30 June 2022 (30 June 2021: \$Nil).

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court 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. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2022 has been received and can be found following the Director's report.

ROUNDING OF AMOUNTS

The Company has applied the relief available to it in ASIC Legislative Instrument 2016/191 and accordingly amounts included in this report and in the financial report have been rounded off to the nearest \$1 (where rounding is applicable).

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (**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. Group performance and shareholder wealth
5. Non-executive Director fee arrangements
6. Details of remuneration
7. Additional disclosures relating to equity instruments
8. Loans from key management personnel (KMP) and their related parties
9. Other transactions and balances with KMP and their related parties
10. Voting of shareholders at last year's annual general meeting

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.

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

Key management personnel covered in this report are as follows:

Name	Status	Appointed	Resigned
Dr Peter Molloy	Executive Chairman and Chief Executive Officer	12 April 2012	-
Dr Stephen Goodall	Executive Director and Chief Operating Officer	12 April 2012	-
Dr Phyllis Gardner	Non Executive Director	13 November 2020	-
Dr Richard Treagus	Non Executive Director	1 June 2022	-
Dr Peter Kash	Non Executive Director	21 February 2020	18 October 2021

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 committee. 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.

The executive remuneration and reward framework has three components:

- fixed remuneration in the form of salaries;
- short-term performance incentives; and
- other remuneration such as superannuation.

Salaries of the executives are reviewed annually by the Board in line with performance, FTE commitment and market benchmarks, with changes effective from 1 January of each review year. Salaries are settled in cash.

The short-term incentives ('STI') payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. The portion of the Maximum Bonus paid is based on the Executive's performance against agreed performance targets as determined by the Board; where no targets have been agreed for a particular bonus year, the targets and performance will be determined at the sole discretion of the Board.

At the date of this report the Company has two appointed executives:

- Dr Peter Molloy as Executive Chairman and Chief Executive Officer; and
- Dr Stephen Goodall as Executive Director and Chief Operating Officer.

The terms of the executives' remuneration arrangements are as follows:

Executive	Remuneration Summary
Dr Peter Molloy	Dr Molloy is engaged with the Company through an Executive Service Agreement, the terms of which are as follows: • Salary of \$283,584 plus statutory superannuation per annum. • Maximum Bonus – up to 30% of salary subject to Board assessment of KPI delivery. • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies. • The agreement commenced on 1 January 2022 and may be terminated by either party with 6 months' notice. It may be terminated immediately with justifiable cause.
Dr Stephen Goodall	Dr Goodall is engaged with the Company through an Executive Service Agreement, the terms of which are as follows: • Salary of \$231,396 plus statutory superannuation per annum. • Maximum Bonus – up to 30% of salary subject to Board assessment of KPI delivery. • Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies. • The agreement commenced on 1 January 2022 and may be terminated by either party on 6 months' notice. It may be terminated immediately with justifiable cause.

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. Group performance and shareholder wealth

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

Group Performance

The table below shows the performance of the Group over the last 5 reporting periods:

Financial Year	30 June 22	30 June 21	30 June 20	30 June 19	30 June 18
Loss for the year	\$3,796,310	\$2,439,039	\$1,498,481	\$725,258	\$169,259
Loss per share (cents) ⁽ⁱ⁾	\$3.26	\$2.21	\$1.65	\$0.91	\$0.25
Share price ⁽ⁱⁱ⁾	\$0.265	n/a	n/a	n/a	n/a

⁽ⁱ⁾ Loss per share for financial years ending prior to 30 June 2022 has been adjusted for the 3 for 1 share split that occurred on 2 November 2021.

⁽ⁱⁱ⁾ The Company commenced trading on the Australian Securities Exchange on 28 January 2022.

5. 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. Directors' fees cover all main Board activities, and Non-executive Directors may receive additional remuneration for other services (including being a member of any separate Board committee) provided to the Group. The Board has not established retirement or redundancy schemes in relation to Non-executive Directors.

All Non-executive Directors enter into a service agreement with the Company in the form of a Letter of Appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is presently limited to an aggregate of \$200,000 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 Group, however, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Non-executive Directors may also receive equity-based compensation in the form of shares or options.

Total fees for the Non-executive Directors for the financial year were \$35,000 (2021: Nil).

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. Details of Remuneration

The Key Management Personnel of Firebrick Limited include the current and former Directors of the Group.

30-June-22	Short Term			Post-Employment	Share Based Payments	Total	Performance Related
	Salary & Fees	Cash bonus	Annual leave	Superannuation	Options ^(iv)		
	\$	\$	\$	\$	\$	\$	%
Directors:							
Dr Peter Molloy ⁽ⁱ⁾	251,792	35,306	10,823	26,383	-	324,304	11%
Dr Stephen Goodall ⁽ⁱ⁾	190,698	28,809	8,831	22,095	-	250,433	12%
Dr Phyllis Gardner	30,000	-	-	-	-	30,000	-
Dr Richard Treagus ⁽ⁱⁱ⁾	5,000	-	-	-	25,000	30,000	83%
Dr Peter Kash ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
Total	477,490	64,115	19,654	48,478	25,000	634,737	14%

(i) Dr Molloy and Dr Goodall were paid monthly consulting fees for the period 1 July – 31 December 2021. Their Executive Service Agreements commenced from 1 January 2022.

(ii) Appointed 1 June 2022.

(iii) Resigned 18 October 2021.

(iv) Share-based payment expense is recorded pro-rata over the vesting period. Refer Section 7 Additional disclosures relating to equity instruments for further information.

30-June-21	Short Term Salary & Fees	Share Based payments		Total
		Shares	Options ⁽ⁱⁱ⁾	
	\$	\$	\$	\$
Directors:				
Dr Peter Molloy	140,000	-	-	140,000
Dr Stephen Goodall	125,000	-	-	125,000
Dr Phyllis Gardner ⁽ⁱ⁾	-	84,000	-	84,000
Dr Peter Kash	-	-	-	-
Total	265,000	84,000	-	349,000

(i) Appointed 13 November 2020.

(ii) Share-based payment expense is recorded pro-rata over the vesting period. Refer Section 7 Additional disclosures relating to equity instruments for further information.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Proportion of Remuneration Linked to Performance

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At risk – STI Cash Bonus		LTI – Options	
	2022	2021	2022	2021	2022	2021
Directors:						
Dr Peter Molloy	89%	100%	11%	-	-	-
Dr Stephen Goodall	88%	100%	12%	-	-	-
Dr Phyllis Gardner	100%	100%	-	-	-	-
Dr Richard Treagus	17%	-	-	-	83%	-
Dr Peter Kash	-	-	-	-	-	-

Maximum Bonus values are fixed in each executive's Employee Service Agreement with bonus values set based on defined performance targets.

For 2022 the performance targets were based on the following Key Result Areas/Project Milestones:

- Initial Public Offering;
- Common cold Phase 3 clinical trial initiation;
- Covid-19 Phase 2 clinical trial initiation; and
- Nasodine TGA appeal.

2022 bonus values were determined based on a performance score of 83%; 17% of bonuses were forfeited as determined at the discretion of the Board.

There were no bonuses in 2021.

7. Additional disclosures relating to equity instruments

Shares and options issued as remuneration

There were no shares issued as remuneration during the 2022 financial year.

In 2021, Pursuant to her Director Services Agreement, Dr Phyllis Gardner was issued 200,000 Ordinary Shares (600,000 on a post-share split basis) in lieu of cash remuneration.

There were no options issued as remuneration during the 2022 financial year however on 24 May 2022 the Company agreed to issue Dr Richard Treagus 100,000 options, subject to shareholder approval at the Company's 2022 Annual General Meeting. The 100,000 options have been accounted for using an estimated value in the 30 June 22 remuneration report.

REMUNERATION REPORT (AUDITED) (CONTINUED)

KMP Shareholdings

The number of ordinary shares in Firebrick Limited held by each KMP of the Group (and/or their related parties) during the financial year is as follows:

30-June-22	Balance at start of the year	Shares acquired during the year	Shares issued on 3 for 1 share split	Balance at Date of Appointment/ (Resignation)	Balance at end of the year
Directors:					
Dr Peter Molloy	10,054,412	54,412	20,217,648	-	30,326,472
Dr Stephen Goodall	10,054,412	54,412	20,217,648	-	30,326,472
Dr Peter Kash	931,836	-	1,863,672	(2,795,508)	-
Dr Phyllis Gardner	200,000	-	400,000	-	600,000
Dr Richard Treagus	-	-	-	-	-
Total	21,240,660	108,824	42,698,968	(2,795,508)	61,252,944

Options awarded, vested and lapsed during the year

The tables below disclose 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, until their expiry date.

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group (and/or their related parties) during the financial year is as follows:

30-June-22	Balance at the start of the year	Options issued on 3 for 1 share split	Remuneration during the year	Balance at the end of the year
Directors:				
Dr Peter Molloy	-	-	-	-
Dr Stephen Goodall	-	-	-	-
Dr Peter Kash	-	-	-	-
Dr Phyllis Gardner	-	-	-	-
Dr Richard Treagus	-	-	100,000 ⁽ⁱ⁾	100,000 ⁽ⁱ⁾
Total	-	-	100,000	100,000

(i) Options, to be granted and issued subject to shareholder approval at the Company's 2022 Annual General Meeting.

Details of vested and unvested options at year end is as follows:

30-June-22	Vested and exercisable	Unvested and un-exercisable	Balance at the end of the year
Directors:			
Dr Peter Molloy	-	-	-
Dr Stephen Goodall	-	-	-
Dr Peter Kash	-	-	-
Dr Phyllis Gardner	-	-	-
Dr Richard Treagus	-	100,000	100,000
Total	-	100,000	100,000

REMUNERATION REPORT (AUDITED) (CONTINUED)
Terms and conditions of the share-based payment arrangements

The terms and conditions of options affecting remuneration in the current or a future reporting are as follows:

Option holder	Number	Date	Vesting and exercise date	Expiry date	Exercise price	Value per option ⁽ⁱ⁾	Vested%
Dr Richard Treagus	100,000	26-May - 22	(ii)	(ii)	(ii)	(ii)	-

(i) The value per option has been determined using a Black Scholes option pricing model. Share-based payment expense has been recorded at commencement of service.

(ii) The options are to be granted and issued subject to shareholder approval following the Company's 2022 Annual General Meeting. The proposed terms of the options are that they will vest on issue, have no performance conditions, expire 4 years from the date of issue, and have an exercise price equivalent to a 43% premium to the five-day volume weighted average market price of the Company's shares at time of approval. The Company's estimated value per option is \$0.25. Due to Dr Treagus's status as a Non-Executive Director of the Company, vesting of the options will not be subject to the achievement of performance conditions.

8. Loans from key management personnel (KMP) and their related parties

There were no loans between the Group and its KMP or their related parties during the year ended 30 June 2022.

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

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions.

The Group had the following transactions with members of the Group's key management personnel and/or their related parties during the year.

Referral arrangements

The Company entered into an agreement dated 1 July 2018 with FFD LLC ("FFD"), a private US entity owned by Drs Peter Kash and Linda Friedland to make introductions to prospective distribution partners ("FFD Agreement"). Peter Kash is a former director of the Company and Linda Friedland is a consultant to the Company.

The term of the FFD Agreement was four years, which expired on 1 July 2022 for FFD to complete all introductions, although the opportunity to exclusively make introductions on behalf of the Company expired on 1 July 2021. The FFD Agreement does not contain any renewal provisions.

Under the FFD Agreement, FFD makes introductions to prospective distribution partners, outside Australia and New Zealand in relation to Nasodine branded products, in return for a share of the Company's net revenues ("FFD Fees") from firm agreements arising from those introductions. The FFD Fees are 10% of net revenues earned by the Company from a distribution partner where the Company has a granted patent, or 20% where there is no granted patent.

Relevant granted patents currently exist in US, Europe, South Africa, Philippines and Hong Kong. For calculating the FFD Fees, where applicable, revenues are net of a range of deductions for costs incurred by the Company, including cooperative advertising, local marketing expenses, registration costs, taxes, freight, insurance, duties and other importation costs, any bonus stock, rebates, discounts, reimbursements or other payments made to a distribution partner or to wholesalers or retailers in the country that are related to generating the revenues in the country.

REMUNERATION REPORT (AUDITED) (CONTINUED)

The Company's obligation to pay FFD Fees on an introduced distribution partner continues beyond the term of the FFD Agreement for the life of the distribution partnership. The Company has no obligation to pay FFD Fees on any distribution partners not Introduced directly by FFD and the Company has no obligation to use FFD introductions as distribution partners in any country. As at 30 June 2022, FFD had made Introductions to parties in a number of countries, but only two Introductions (SV More and AICC) had resulted in binding agreements, in both cases in countries where the Company holds granted patents (South Africa and Philippines respectively); the Company considers that some of the other introductions are unlikely to proceed to binding agreements. The Board believes that the agreement with FFD has been valuable in accelerating the internationally partnering of the Company at no material cost to the Company and earlier than if the Company had waited until after the launch of Nasodine in Australia.

Offer Participation

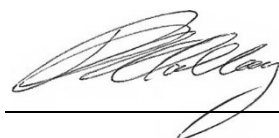
Pursuant to the Offer of up to 35 million shares on the terms set out in the Prospectus lodged with ASIC on 26 November 2021 and as at 31 December 2021, Dr Peter Molloy (on behalf of family members) applied for 400,000 Offer Shares with a value of \$80,000 and Dr Stephen Goodall (on behalf of family members) applied for 100,000 Offer Shares with a value of \$20,000. The related parties of Dr Molloy and Dr Goodall were issued the number of shares applied for on 18 January 2022.

10. Voting of shareholders at last year's annual general meeting

30 June 2022 is the first year the Company has presented a Remuneration Report. The Company did not receive any specific feedback at the 2021 AGM regarding its remuneration practices.

REMUNERATION REPORT (END)

Signed in accordance with a resolution of the Board of Directors.



Dr Peter Molloy
Executive Chairman and Chief Executive Officer
23 August 2022

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



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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF FIREBRICK PHARMA LIMITED

As lead auditor of Firebrick Pharma Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Firebrick Pharma Limited and the entity it controlled during the period.



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth

23 August 2022

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022



	Note	30-Jun-22 \$	30-Jun-21 \$
Revenue		4,124	-
Interest income		1,281	759
Other income	2	1,079,226	422,000
Research and development expense	2	(2,217,443)	(1,134,589)
Business development and marketing expense		(325,369)	(233,922)
Consulting fees and employee benefit expenses		(1,123,178)	(636,498)
Listing and share registry expense	2	(284,146)	-
Professional services expense	2	(303,406)	(221,128)
Insurance expense		(112,371)	(17,115)
Rent expense		(55,266)	(10,670)
Other expenses	2	(144,981)	(72,522)
Share based payments expense	16	(303,699)	(534,834)
Finance and interest expense		(4,144)	-
Depreciation expense		(6,938)	(520)
Loss before income tax		(3,796,310)	(2,439,039)
Income tax expense		-	-
Loss for the year after income tax		(3,796,310)	(2,439,039)
Other comprehensive income/(loss)		-	-
Total comprehensive loss for the year		(3,796,310)	(2,439,039)
Basic loss per share (cents per share)	6	(3.26)	(2.21)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022



	Note	30-Jun-22 \$	30-Jun-21 \$
CURRENT ASSETS			
Cash and cash equivalents	7a	7,142,900	1,151,751
Trade and other receivables	8	1,081,624	503,136
Other assets	10	103,808	13,684
TOTAL CURRENT ASSETS		8,328,332	1,668,571
NON-CURRENT ASSETS			
Inventory	9	283,244	-
Other assets	10	76,100	76,100
Plant and equipment	11	41,755	16,151
TOTAL NON-CURRENT ASSETS		401,099	92,251
TOTAL ASSETS		8,729,431	1,760,822
CURRENT LIABILITIES			
Trade and other payables	12	334,027	138,700
Provisions	13	116,073	76,100
TOTAL CURRENT LIABILITIES		450,100	214,800
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		450,100	214,800
NET ASSETS		8,279,331	1,546,022
SHAREHOLDERS' EQUITY			
Issued capital	14	15,999,817	5,773,897
Reserve	15	1,084,614	805,915
Accumulated losses		(8,805,100)	(5,033,790)
TOTAL SHAREHOLDERS' EQUITY		8,279,331	1,546,022

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2022



	Issued Capital \$	Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2020	2,655,268	330,081	(2,594,751)	390,598
Loss for the year	-	-	(2,439,039)	(2,439,039)
Total comprehensive loss for the year	-	-	(2,439,039)	(2,439,039)
Transactions with owners, recognised directly in equity				
Equity issued during the year (net of costs)	3,034,629	-	-	3,034,629
Share based payments	84,000	475,834	-	559,834
Balance at 30 June 2021	5,773,897	805,915	(5,033,790)	1,546,022
Loss for the year	-	-	(3,796,310)	(3,796,310)
Total comprehensive loss for the year	-	-	(3,796,310)	(3,796,310)
Transactions with owners, recognised directly in equity				
Equity issued during the year (net of costs)	10,225,920	-	-	10,225,920
Exercise and expiry of options	-	(25,000)	25,000	-
Share based payments	-	303,699	-	303,699
Balance at 30 June 2022	15,999,817	1,084,614	(8,805,100)	8,279,331

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022



	Note	30-Jun-22 \$	30-Jun-21 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Research and development tax incentive		422,149	510,285
Receipts from customers		4,124	-
Payments for research and development		(2,186,689)	(1,316,248)
Payments for business development and marketing		(334,920)	(220,806)
Payments for manufacturing and distribution		(283,244)	-
Payments to suppliers and employees		(1,820,786)	(910,093)
Payments for finance and interest expense		(4,144)	-
Interest received		1,281	759
Net cash used in operating activities	7b	(4,202,229)	(1,936,103)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	11	(32,542)	(16,067)
Net cash used in investing activities		(32,542)	(16,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		10,700,000	3,127,588
Capital raising costs		(474,080)	(116,371)
Proceeds from borrowings		109,065	-
Repayment of borrowings		(109,065)	-
Net cash provided by financing activities		10,225,920	3,011,217
Net increase in cash and cash equivalents		5,991,149	1,059,047
Cash and cash equivalents at the beginning of the financial year		1,151,751	92,704
Cash and cash equivalents at the end of the financial year	7a	7,142,900	1,151,751

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

These consolidated financial statements cover Firebrick Pharma Limited ("Company" or "Firebrick") and its controlled entities as a consolidated entity (also referred to as **Group**). Firebrick Pharma Limited is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity.

The financial statements were issued on 23 August 2022 by the directors of the Company.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (**AASBs**) (including Australian interpretations) adopted by the Australian Accounting Standard Board (**AASB**) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

b) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(v).

c) Adoption of New and Amended Accounting Standards

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies. No retrospective changes in accounting policy of material reclassification has occurred during the year.

d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**d) Principles of Consolidation (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

e) Revenue and Other Income

Revenue is measured at the transaction price agreed.

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.

Research and Development (R&D) Tax Incentive

R&D tax incentives from the government are recognised when received or when the right to receive payment is established.

f) Income Tax

Current income tax expense charged to 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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**f) Income Tax (continued)**

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.

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.

g) Financial Instruments*Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on how the Company manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group's financial assets have been classified as those to be measured at amortised cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment

The Company assesses expected credit losses associated with its financial assets measured at amortised cost and those measured at fair value through OCI. For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

h) Impairment of non-financial assets

At the end of each reporting period, the Directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information.

If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**i) 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.

j) Trade and other receivables

Trade receivables and other receivables, including distribution receivables, are recognised at the nominal transaction value without taking into account the time value of money.

k) Inventory

Raw materials are stated at the lower of cost and net realisable value. Cost comprises direct materials. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

l) Plant and Equipment

Plant and equipment is carried at cost. All assets are depreciated over their useful lives to the Group.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of what is recoverable from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

m) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computers – 3 years
- Laboratory equipment – 3 – 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

n) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o) Trade and other payables

Liabilities for trade creditors and other amounts carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**p) 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.

q) Employee Benefits**Short term employee benefits**

Liabilities for wages and salaries and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Equity-settled compensation

The Group 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 number of share options 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 Black Scholes simulation model.

r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

s) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The option reserve records the value of share-based payments.

t) Share Based Payments

Share-based payments, other than to employees as equity settled compensation, are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is calculated using the Black-Scholes option pricing model. The number of shares and options 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**u) Earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

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

- the after income 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.

v) Research and Development Expense

Research and development costs that do not meet the criteria of an intangible asset are expensed as incurred.

w) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the consolidated financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates and judgements***R&D Tax Rebate***

The Company has registered its research and development activities with the Department of Industry, Innovation and Science. Therefore, the Company is entitled to claim a tax incentive each year based on eligible research and development costs it incurs. Based on successful claims in previous years, the Company expects that it will receive the amount calculated.

Share based payments

Share based payments are measured at the fair value of the instruments issued and amortised over the vesting periods. The fair value of options is calculated using the Black-Scholes option pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period based on the number of equity instruments that may eventually vest. The corresponding amount for options recorded to the options reserve. Details of share-based payment assumptions can be found on at Note 16.

NOTE 2: ITEMS INCLUDED IN NET LOSS FOR THE YEAR

	30 June 2022 \$	30 June 2021 \$
Other income		
- R&D Tax Rebate	1,079,226	422,000
Research and development expense		
- Contract project expense	1,857,143	968,458
- Patent expense	360,300	166,131
	2,217,443	1,134,589
Listing and share registry expense		
- Legal fees related to IPO	103,987	-
- Other costs related to IPO	28,488	-
- ASX fees	136,387	-
- Share registry expense	15,284	-
	284,146	-
Professional fees		
- Accounting, audit and taxation fees	122,402	129,874
- Legal and company secretarial fees	181,004	91,254
	303,406	221,128
Administration and other expenses		
- Recruitment expenses	73,230	32,034
- Computing and IT expenses	22,756	16,833
- Travel expense	20,984	928
- Printing, stationery, and postage expense	13,530	7,492
- Subscription expense	9,198	4,774
- Entertainment expense	3,705	526
- Other expenses	1,578	9,935
	144,981	72,522

NOTE 3: INCOME TAX

30 June 2022 **30 June 2021**
\$ \$

NOTE 3a: INCOME TAX EXPENSE/(BENEFIT)

Current tax	-	-
Deferred tax	-	-
	-	-

NOTE 3b: RECONCILIATION OF INCOME TAX EXPENSE 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:

Operating loss	(3,796,310)	(2,439,039)
Australian tax rate	25%	30%
Tax amount at the Australian tax rate	(949,078)	(731,712)
<i>Non-deductible items</i>		
Share based payments	75,925	160,450
Research and development expenditure	620,159	291,137
Blackhole expenditure	(30,773)	(8,482)
Other non-deductible expenses	926	158
Non-assessable income	(269,807)	(126,600)
Impact of change in tax rate	104,823	-
Deferred tax asset not brought to account	447,825	415,049
Income tax attributable to operating loss	-	-

NOTE 3c: DEFERRED TAX ASSETS/(LIABILITIES)

Tax losses	990,129	576,910
Blackhole expenditure	41,956	21,380
Other	45,242	30,650
Total deferred tax asset	1,077,327	628,940
Set-off of deferred tax liabilities	(565)	-
Less: deferred tax assets not recognised	(1,076,762)	(628,940)
Net deferred tax assets	-	-

NOTE 3d: TAX LOSSES

Unused tax losses for which no deferred tax asset has been recognised	3,960,517	1,923,032
Potential tax benefit at 25% (2021: 30%)	990,129	576,910

NOTE 3d: TAX LOSSES (CONTINUED)

The benefit for tax losses will only be obtained if:

- (a) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (b) The Company continues to comply with the conditions for deductibility imposed by law; and
- (c) No changes in tax legislation adversely affect the ability of the Company to realise these benefits.

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

30 June 2022 **30 June 2021**
\$ \$

The total remuneration paid to Directors and Key Management Personnel of Firebrick Pharma during the year is as follows:

Short-term fees	477,490	265,000
Cash bonuses	64,115	-
Annual leave	19,654	-
Post-employment benefits	48,478	84,000
Share based payments	25,000	-
Total KMP Compensation	634,737	349,000

Other transactions and balances with KMP and their related parties

Details of other transactions and balances with KMP and their related parties during the financial year can be found at Note 23.

Loans from/to KMP and their related parties

There were no loans to or from KMP or their related parties in 2022.

In 2021 the Group converted director loans to equity. In 2015 the Company received two zero-interest loans from Directors Messrs Molloy and Goodall. In July 2020, under the Series D round, the Company issued 54,412 Shares each to Directors Drs Molloy and Goodall in settlement for loan funds contributed by the two founders to support patent costs in 2015. The two Directors also each received 54,412 Options on Shares exercisable at \$0.50 on or before 30 June 2022 in line with and on the same terms as all other Series D investors.

NOTE 5: AUDITOR'S REMUNERATION

30 June 2022 **30 June 2021**
\$ \$

During the year the following fees were paid or payable for services provided by the auditor of the Group

Audit services

- Audit or review of the financial reports for the year ending 30 June 2022	42,702	-
- Audit or review of the financial reports for the years ending 30 June 2021, 2020 and 2019	-	59,790
Total audit services	42,702	59,790

Non-audit services

- Preparation of Investigating Accountant's Report	17,048	-
Total non-audit services	17,048	-
Total remuneration of the auditor of the Group	59,750	-

NOTE 6: EARNINGS/(LOSS) PER SHARE

	30 June 2022 \$	30 June 2021 \$
Earnings/(loss) per share ("EPS")		
a) (Loss) used in calculation of basic EPS and diluted EPS	(3,796,310)	(2,439,039)
b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings/(loss) per share	116,519,222	110,501,328

As disclosed in Note 14 the Group undertook a 3 for 1 share split effective 2 November 2021. The 30 June 2021 EPS figure has been restated accordingly, with the denominator adjusted on the basis that the split was effective as at the comparative reporting date.

NOTE 7: CASH AND CASH EQUIVALENTS

	30 June 2022 \$	30 June 2021 \$
NOTE 7a: CASH AND CASH EQUIVALENTS		
Cash at bank	7,142,900	1,151,751
	7,142,900	1,151,751

NOTE 7b: CASH FLOW INFORMATION

Loss after income tax	(3,796,310)	(2,439,039)
Non-cash flows in loss after income tax		
Share based payments expense	303,699	534,834
Depreciation expense	6,938	520
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	(578,488)	51,438
(Increase)/Decrease in other assets	(90,125)	(12,752)
(Increase)/Decrease in inventory	(283,244)	-
Increase/(Decrease) in trade and other payables	195,328	(71,104)
Increase/(Decrease) in provisions	39,973	-
Cash flows used in operating activities	(4,202,229)	(1,936,103)

Credit Standby Facilities

The Company has no credit standby facilities.

Non-Cash Investing and Financing Activities

There were no non-cash investing and financing activities during the year.

NOTE 8: TRADE AND OTHER RECEIVABLES

	30 June 2022 \$	30 June 2021 \$
CURRENT		
Research and development tax incentive refund	1,079,077	422,000
Goods and services tax	2,547	81,136
	1,081,624	503,136

All amounts are short-term. The net carrying value of other receivables is considered a reasonable approximation of fair value. All receivables are expected to be recovered in full.

NOTE 9: INVENTORY

30 June 2022 **30 June 2021**
\$ \$

NON-CURRENT

Raw materials – at cost

283,244 -

283,244 **-**

Inventory relates to Nasodine components purchased in preparation for product launch. The components are classified as non-current to align with the timing of the Group's anticipated Australian product launch.

NOTE 10: OTHER ASSETS

30 June 2022 **30 June 2021**
\$ \$

CURRENT

Deposits

5,353 10,706

Prepayments

98,455 2,978

103,808 **13,684**

NON-CURRENT

Deposits (Note 13)

76,100 76,100

76,100 **76,100**

NOTE 11: PLANT AND EQUIPMENT

30 June 2022 **30 June 2021**
\$ \$

Cost

52,739 20,197

Accumulated depreciation

(10,984) (4,046)

Net carrying amount

41,755 **16,151**

Movement during the year:

Balance at the start of the year

16,151 604

Additions

32,542 16,067

Depreciation expense

(6,938) (520)

Net carrying amount

41,755 **16,151**

NOTE 12: TRADE AND OTHER PAYABLES

30 June 2022 **30 June 2021**
\$ \$

CURRENT

Trade payables

36,271 34,659

Accruals

297,756 101,029

Other payables

- 3,012

334,027 **138,700**

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

NOTE 13: PROVISIONS**CURRENT**

	30 June 2022 \$	30 June 2021 \$
Employee benefits – annual leave	39,973	-
Other	76,100	76,100
	116,073	76,100

The Group's other provision relates to a binding tooling investment commitment arising under a vendor supply agreement whereby the Group has an obligation to pay cash it cannot avoid. The cash obligation is expected to be settled by the end of June 2023, when the final volume of tooling units produced is known.

	30 June 2022 \$	30 June 2021 \$
<i>Employee benefits provision</i>		
Opening net carrying amount	-	-
Increase in provision	39,973	-
Closing net carrying amount	39,973	-

NOTE 14: ISSUED CAPITAL**Share capital**

168,844,205 (30 June 2021: 37,214,735) fully paid ordinary shares.

	30 June 2022 \$	30 June 2021 \$
	15,999,817	5,773,897

(b) Movements in fully paid Ordinary Capital

	Date	Number of Shares	Issue Price \$	Issued Capital \$
Opening balance at 1 July 2020		30,464,734		2,655,268
Shares issued as private placement	15-Jul-20	150,000	0.35	-(i)
Shares issued as private placement	15-Jul-20	80,000	0.50	-(i)
Shares issued as private placement	15-Jul-20	6,320,001	0.50	3,160,000
Shares issued as share based payment (Note 16)	20-Jan-21	200,000	0.50	100,000
Less: capital raising costs		-		(141,371)
Closing balance at 30 June 2021		37,214,735		5,773,897
Shares issued on conversion of Series D Options	25-Oct-21	4,355,000	0.50	2,177,500
Shares issued on Series D Options shortfall placement	28-Oct-21	3,045,000	0.50	1,522,500
Shares issued on 3 for 1 share split	2-Nov-21	89,229,470	-	-
Shares issued on IPO	18-Jan-22	35,000,000	0.20	7,000,000
Less: capital raising costs		-		(474,080)
Closing balance at 30 June 2022		168,844,205		15,999,817

(i) Placement funds were received prior to 1 July 2020 and are included within the opening balance of \$2,655,268.

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. 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 held with major financial institutions.

NOTE 15: RESERVE

	Note	30 June 2022 \$	30 June 2021 \$
(a) Share based payment reserve			
9,709,000 (30 June 2021: 10,883,000) options		1,084,614	805,915

(b) Movements in share based payment reserve

	Date	Number of Options	\$
Opening balance at 1 July 2020		2,223,000	330,081
Options issued as Series D free attaching placement	15-Jul-20	6,400,000	-
Options issued as share based payment to Euroz Securities Ltd	15-Jul-20	1,000,000	25,000
Options issued under ESOP	1-Sep-20	60,000	20,935
Options issued under ESOP	22-Jan-21	420,000	83,646
Options issued under ESOP	1-Apr-21	600,000	70,634
Options issued under ESOP	1-Jun-21	180,000	7,060
Pro-rata expense of options issued in prior periods		-	268,559
Closing balance at 30 June 2021		10,883,000	805,915
Series D options exercised and converted to shares	25-Oct-21	(4,355,000)	(25,000)
Series D options expired and cancelled	28-Oct-21	(3,045,000)	-
Options issued on 3 for 1 share split	2-Nov-21	6,966,000	-
ESOP options forfeited on employee termination	1-Apr-22	(840,000)	(16,187)
Options accounted for as share based payment to Dr Richard Treagus (to be issued subject to shareholder approval at 2022 AGM)	26-May-22	100,000	25,000
Pro-rata expense of options issued in prior periods		-	294,886
Closing balance at 30 June 2022		9,709,000	1,084,614

The 3 for 1 share split had no impact on the terms and conditions of options on issue, apart from the exercise prices which have been divided by 3.

NOTE 16: SHARE BASED PAYMENTS**Shares issued as share based payments - 2022**

There were no shares issued as share based payments during the year ended 30 June 2022.

Shares issued as share based payments - 2021

On 20 January 2021 the Company issued 200,000 Restricted Shares to Dr Phyllis Gardner in lieu of directors' fees at a purchase price per share of \$0.08 under the Restricted Shares Purchase Agreement. The amount paid for the shares totalled \$16,000. The shares have been valued at \$0.50 which is the fair market value at the date of the issue. During the year ended 30 June 2021 a share-based payment expense of \$84,000 was recognised, representing the difference between the fair value of these shares and the consideration paid.

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)**Options issued in prior periods**

Options issued in prior periods that impact the year ended 30 June 2022 are as follows:

Option holder	Grant Date	Last Vesting Date	Expiry Date	Exercise Price	Vesting Condition	Number on Issue at 30 June 2022	Expense recorded for the year ended 30 June 2022 \$
Linda Friedland	1 Jan 19	31 Dec 21	1 Jan 24	\$0.0067	(i)	1,800,000	3,089
Peter Friedland	31 Jan 19	30 Jan 22	31 Jan 24	\$0.0067	(i)	900,000	3,169
Ashley Arnott	30 Apr 19	29 Apr 22	30 Apr 24	\$0.0067	(i)	360,000	77
Jon Cuthbert	30 Apr 19	29 Apr 22	30 Apr 24	\$0.0067	(i)	360,000	77
Bill Pickering	30 Sep 19	29 Sep 22	30 Sep 24	\$0.0067	(i)	360,000	575
Jon Cuthbert	1 Apr 20	31 Mar 23	1 Apr 25	\$0.01	(i)	189,000	1,529
Peter Friedland	31 Mar 20	30 Mar 23	31 Mar 25	\$0.01	(i)	900,000	7,282
Simon Tucker	31 Mar 20	30 Mar 23	31 Mar 25	\$0.01	(i)	1,800,000	15,452
Bill Pickering	1 Sep 20	31 Aug 23	1 Sep 25	\$0.025	(i)	180,000	6,443
Robyn Branigan	22 Jan 21	21 Jan 24	22 Jan 26	\$0.0233	(i)	1,260,000	102,298
Liling Xie	1 Apr 21	31 Mar 22	1 Apr 26	\$0.0217	(i)	420,000	14,956
Stephen Buckley	1 Apr 21	31 Mar 24	1 Apr 26	\$0.0217	(i)	360,000	37,311
Anna Noiman	1 Apr 21	31 Mar 24	1 Apr 26	\$0.0217	(i)	180,000	18,655
Jade Hsu	1 Jun 21	31 May 24	1 Jun 26	\$0.0167	(i)	540,000	67,786
Total						9,609,000	278,699

(i) Options vest quarterly in equal tranches over 36 months. Options have been valued at grant date and expensed over the vesting period.

Options recorded as share-based payments - 2022

During the year ended 30 June 2022 the Company recorded the following share based payment:

- The Company agreed to issue 100,000 options to Richard Treagus on 24 May 2022. The options are to be granted and issued subject to shareholder approval following the Company's 2022 Annual General Meeting. The proposed terms of the options are that they will vest on issue, have no performance conditions, expire 4 years from the date of issue, and have an exercise price equivalent to a 43% premium to the five-day volume weighted average market price of the Company's shares at time of approval. The Company's estimated value per option is \$0.25, for a total value of \$25,000 expensed at 30 June 2022.

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

Where the fair value of services rendered during the year could not be reliably measured, these are measured by reference to the fair value of equity instruments granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. The Black Scholes inputs and valuations were as follows:

	R Treagus
Exercise price	\$0.51
Share price	\$0.385
Date	24 May 22
Expected volatility	100%
Expiry date	4 years from date of issue
Risk free interest rate	3.11%
Quantity	100,000
Estimated value per option	\$0.25
Estimated total value of instrument	\$25,000
30 June 2022 expense	\$25,000

Share based payment expense

Share based payment expense is comprised as follows:

	30 June 2022	30 June 2021
	\$	\$
Share-based payment expense – shares	-	84,000
Share-based payment expense – options	303,699	475,834
Total share-based payment expense	303,699	559,834

Share based payment expense has been recognised as follows:

	30 June 2022	30 June 2021
	\$	\$
Profit or loss	303,699	534,834
Equity	-	25,000
Total share-based payment expense	303,699	559,834

NOTE 17: OPERATING SEGMENTS**Segment Information****Identification of reportable segments**

The Group 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. The financial information presented to the chief operating decision maker is consistent with that presented in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

NOTE 18: FINANCIAL INSTRUMENTS**Financial Risk Management Policies**

The Group's financial instruments consist mainly of deposits with banks, trade and other debtors, and trade and other payables.

Specific Financial Risk Exposures and Management

The main risks the Group 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.

(a) Interest Rate Risk

From time to time the Group 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 Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future. The exposure to interest rates arises from cash and cash equivalents.

The Company's 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 not considered to be material.

(b) Credit risk

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 consolidated statement of financial position and consolidated notes to the financial statements.

Credit risk relates to balances with banks and other financial institutions and trade and other receivables, and is managed by the Company in accordance with approved Board policy. The following table provides information regarding the credit risk relating to cash and cash equivalents based on Standard and Poor's counterparty credit ratings.

	Note	30 June 2022 \$	30 June 2021 \$
Cash and cash equivalents – AA Rated	7a	7,142,900	1,151,751
Trade and other receivables – AAA rated	8	1,081,624	503,136
		8,224,524	1,654,887

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group'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 Group's reputation.

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

The following are the contractual maturities of financial liabilities based on the actual rates at the reporting date excluding interest payments:

2022	Interest rate	Less than 6 months \$	6-12 months \$	1-2 years \$	2-5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Trade and other payables	-	334,027	-	-	-	-	334,027	334,027
		334,027	-	-	-	-	334,027	334,027

Financial liabilities at amortised cost

NOTE 18: FINANCIAL INSTRUMENTS (CONTINUED)

2021	Interest rate	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount
		\$	\$	\$	\$	\$	\$	\$
Financial liabilities at amortised cost								
Trade and other payables	-	138,700	-	-	-	-	138,700	138,700
		138,700	-	-	-	-	138,700	138,700

(d) 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.

NOTE 19: COMMITMENTS

The Group has a commitment in respect of a supply agreement with one of its vendors. The vendor has customised a tool for Nasodine bottle production for which the Group has not been charged at 30 June 2022. The cost of the tool is to be amortised at a rate of \$0.06 per bottle over the first one million bottles supplied.

There are no other commitments as at the end of the reporting period (2021: nil).

NOTE 20: CONTINGENT LIABILITIES

A liability exists with respect to the Group's future obligations to FFD LLC ("FFD") as described at Note 23.

The Directors are not aware of any other contingent liabilities at the end of the reporting period (2021: nil).

NOTE 21: CONTROLLED ENTITY CONSOLIDATED

Controlled Entity	Country of Incorporation	Percentage owned	
		30 June 2022	30 June 2021
Anti-Viral Innovations Pty Ltd	Australia	100%	100%

Anti-Viral Innovations Pty Ltd is a dormant company with no operations for both 2022 and 2021.

NOTE 22: PARENT ENTITY FINANCIAL INFORMATION

As the Company's subsidiary is dormant the Parent Entity's financial information is consistent with that presented in this consolidated financial report.

NOTE 23: RELATED PARTY TRANSACTIONS

The following related party transactions have been entered into as of 30 June 2022:

Referral arrangements

The Company entered into an agreement dated 1 July 2018 with FFD LLC ("FFD"), a private US entity owned by Drs Peter Kash and Linda Friedland to make introductions to prospective distribution partners ("FFD Agreement"). Peter Kash is a former director of the Company and Linda Friedland is a consultant to the Company.

The term of the FFD Agreement was four years, which expired on 1 July 2022 for FFD to complete all introductions, although the opportunity to exclusively make introductions on behalf of the Company expired on 1 July 2021. The FFD Agreement does not contain any renewal provisions.

NOTE 23: RELATED PARTY TRANSACTIONS (CONTINUED)

Under the FFD Agreement, FFD makes introductions to prospective distribution partners, outside Australia and New Zealand in relation to Nasodine branded products, in return for a share of the Company's net revenues ("FFD Fees") from firm agreements arising from those introductions. The FFD Fees are 10% of net revenues earned by the Company from a distribution partner where the Company has a granted patent, or 20% where there is no granted patent.

Relevant granted patents currently exist in US, Europe, South Africa, Philippines and Hong Kong. For calculating the FFD Fees, where applicable, revenues are net of a range of deductions for costs incurred by the Company, including cooperative advertising, local marketing expenses, registration costs, taxes, freight, insurance, duties and other importation costs, any bonus stock, rebates, discounts, reimbursements or other payments made to a distribution partner or to wholesalers or retailers in the country that are related to generating the revenues in the country.

The Company's obligation to pay FFD Fees on an introduced distribution partner continues beyond the term of the FFD Agreement for the life of the distribution partnership. The Company has no obligation to pay FFD Fees on any distribution partners not Introduced directly by FFD and the Company has no obligation to use FFD introductions as distribution partners in any country. As at 31 December 2021, FFD had made Introductions to parties in a number of countries, but only two Introductions (SV More and AICC) had resulted in binding agreements, in both cases in countries where the Company holds granted patents (South Africa and Philippines respectively); the Company considers that some of the other introductions are unlikely to proceed to binding agreements. The Board believes that the agreement with FFD has been valuable in accelerating the internationally partnering of the Company at no material cost to the Company and earlier than if the Company had waited until after the launch of Nasodine in Australia.

Offer Participation

Pursuant to the Offer of up to 35 million shares on the terms set out in the Prospectus lodged with ASIC on 26 November 2021, Dr Peter Molloy (on behalf of family members) applied for 400,000 Offer Shares with a value of \$80,000 and Dr Stephen Goodall (on behalf of family members) applied for 100,000 Offer Shares with a value of \$20,000. The related parties of Dr Molloy and Dr Goodall were issued the number of shares applied for on 18 January 2022.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

On 07 July 2022 the Group announced the outcome of the S60 appeal decision for Nasodine, which was a confirmation of the TGA's initial decision.

On 3 August 2022 the Group announced that 360,000 options exercisable at \$0.0067 on or before 30 April 2024 were exercised and converted to Ordinary Shares.

There have been no other material events or circumstances that have arisen since the date of this report.

In the Director's opinion:

1. The consolidated financial statements and notes set out on pages 19 to 40 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements,
 - b) giving a true and fair view, the consolidated Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; 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 made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Dr Peter Molloy
Executive Chairman and Chief Executive Officer
23 August 2022



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INDEPENDENT AUDITOR'S REPORT

To the members of Firebrick Pharma Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Firebrick Pharma Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Group in accordance with 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 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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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.

Accounting for share-based payments

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
During the year ended 30 June 2022, the Group issued options to key management personnel and employees which were accounted for as a share-based payment expense. In addition, there were prior year options granted to employees that continued to vest during the current financial year. Refer to Note 1(t), Note 1(w) and Note 16 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions. Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in the fair value calculations and judgements regarding the options issued during the year, we consider the accounting for share based payments to be a key audit matter.	Our procedures in respect of this area included, but were not limited to the following: • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing market announcements made by the entity and board minutes to ensure all new share-based payments granted during the year have been accounted for; • Holding discussions with management to understand the share-based payment transactions in place; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the reasonableness of management's valuation inputs; and • Assessing the adequacy of the related disclosures in Note 1(t), Note 1(w) and Note 16 to the Financial Statements.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Firebrick Pharma Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

BDO Audit (WA) Pty Ltd



Ashleigh Woodley

Director

Perth, 23 August 2022

The shareholder information set out below was applicable as at 10 August 2022.

As at 10 August 2022, there were 4,632 holders of fully paid ordinary 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 and performance 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 Ordinary Fully Paid Shares are:

Holder Name	Holding	% IC
Aquarico Pty Ltd <P & C Molloy Family A/C>	30,326,472	17.92%
Biotech Design Pty Ltd	30,326,472	17.92%
Zero Nominees Pty Ltd	7,768,807	4.59%
Bnp Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	3,241,597	1.92%
Bnp Paribas Noms Pty Ltd <DRP>	3,238,017	1.91%
Mr Ivan Kaufman	2,550,000	1.51%
Bt Portfolio Services Limited <Warrell Holdings S/F A/C>	2,200,000	1.30%
Kashflow 18 LLC	2,103,713	1.24%
Mr Richard Friedland	1,840,000	1.09%
Mr Paul Hartley Watts	1,700,000	1.00%
Greensea Investments Pty Ltd	1,400,000	0.83%
Citicorp Nominees Pty Limited	1,301,705	0.77%
Netwealth Investments Limited <Wrap Services A/C>	1,188,675	0.70%
Greenford Pty Ltd <Kluger Super Fund A/C>	1,180,000	0.70%
Tubechangers Pty Ltd <King Family A/C>	1,100,000	0.65%
Hsbc Custody Nominees (Australia) Limited	1,053,309	0.62%
Kamala Holdings Pty Ltd <The Kamala 1994 S/F A/C>	900,000	0.53%
Blake Nominees Pty Ltd <M And T Super Fund A/C>	900,000	0.53%
Pheakes Pty Ltd <Senate A/C>	800,000	0.47%
Dr David Rosenfeld	780,000	0.46%
Totals	95,898,767	56.66%

SUBSTANTIAL HOLDERS

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

Name	No of Shares Held	% of Issued Capital
Firebrick Pharma Limited ¹	62,732,537	37.15%
Aquarico Pty Ltd	30,326,472	17.96%
Biotech Design Pty Ltd	30,326,472	17.96%

Note: 1 – Nature of Relevant Interest: Restrictions on the disposal of shares under the mandatory escrow arrangements that were disclosed in the Prospectus give Firebrick a technical 'relevant interest' in its own shares under section 608(1)(c) of the Corporations Act. Firebrick has no right to acquire these shares or to control the voting rights attaching to these shares.

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	874	766,972	0.45%
1,001 - 5,000	2,119	5,428,803	3.21%
5,001 - 10,000	732	6,071,830	3.59%
10,001 - 100,000	751	23,546,789	13.92%
100,001 and over	156	133,389,811	78.83%
Totals	4,632	169,204,205	100.00%

Unmarketable Parcels – 1,363 Holders with a total of 1,415,154 shares, based on the last trading price of \$0.32 on 10 August 2022.

RESTRICTED SECURITIES

The following securities are subject to ASX escrow:

62,732,537 Ordinary Fully Paid Shares escrowed until 24 months from quotation

UNQUOTED SECURITIES

The following unquoted securities are on issue and were issued under the employee incentive plan with various vesting schedules.

1,800,000 Unlisted Options @ \$0.0067 expiring 1 January 2024 - 1 Holder
 900,000 Unlisted Options @ \$0.0067 expiring 31 January 2024 - 1 Holder
 360,000 Unlisted Options @ \$0.0067 expiring 30 April 2024 - 1 Holder
 360,000 Unlisted Options @ \$0.0067 expiring 30 September 2024 - 1 Holder
 2,700,000 Unlisted Options @ \$0.01 expiring 31 March 2025 - 2 Holders
 189,000 Unlisted Options @ \$0.01 expiring 1 April 2025 - 1 Holder
 180,000 Unlisted Options @ \$0.025 expiring 1 September 2025 - 1 Holder
 1,260,000 Unlisted Options @ \$0.0233 expiring 22 January 2026 - 1 Holder
 960,000 Unlisted Options @ \$0.0217 expiring 1 April 2026 - 3 Holders
 540,000 Unlisted Options @ \$0.0167 expiring 1 June 2026 - 1 Holder

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is available from the Company's website at <https://www.firebrickpharma.com/corporate-governance/>

ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.