APPENDIX 4E
PRELIMINARY FINAL REPORT

OPTHEA LIMITED
ABN 32 006 340 567

YEAR ENDED 30 JUNE 2020
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2020 $	30 June 2019 $	Movement %
Results			
Revenues from ordinary activities	808,405	914,840	down 11.6%
Loss from ordinary activities after tax attributable to members	(16,529,281)	(20,910,061)	Loss has decreased 21.0%
Loss for the year attributable to members	(16,529,281)	(20,910,061)	Loss has decreased 21.0%
NTA Backing			
Net tangible asset backing per ordinary security	0.24	0.12	
Dividend distribution			
No dividends have been paid or declared by the entity since the beginning of the current reporting period.			

This report is based on the attached audited consolidated financial report.

Mike Tonroe
Company Secretary

28 August 2020

OPTHEA LIMITED

FINANCIAL REPORT

YEAR ENDED 30 JUNE 2020

CONTENTS

Directors' Report

The board of directors of Opthea Limited submits its report for the year ended 30 June 2020 for Opthea and its subsidiary

INFORMATION ABOUT THE DIRECTORS

The directors of Opthea Limited (the Company or Opthea) in office during the financial year and until the date of this report, including their qualifications, experience and special responsibilities are as follows:

GEOFFREY KEMPLER

B.Sc. Grad. Dipp. App. Soc. Psych

Non-Executive Director and Chairman

Geoffrey Kempler was appointed as Opthea's Chairman in November 2015 and is currently CEO and Executive Chairman of Alterity Therapeutics. Geoffrey brings extensive experience in investment, business development and the biotechnology industry. As a founder of Alterity Therapeutics, he has held both operational roles and been at the forefront of devising and implementing Alterity's strategic and commercialisation plans. Geoffrey brings experience as Chairman of a dual-ASX-NASDAQ listed biotechnology company and strategic planning expertise to Opthea.

MICHAEL SISTENICH

MSc.

Non-Executive Director

Michael Sistenich was appointed Non-Executive Director of Opthea in November 2015 and is Chairman of the remuneration and audit & risk committees.

Michael Sistenich has advised a wide range of global institutions, high net worth individuals and companies on healthcare investments over the past 20 years. He is a healthcare specialist in international investment management and investment banking, and led the Bell Potter team which advised the Company through the $17.4M capital raising in November 2014. Michael Sistenich is currently Chairman of the board of Enlitic Inc. and previously served as Director of International Equities and Head of Global Healthcare Investments at DWS Investments, Deutsche Bank Frankfurt. Michael has long standing capital market connections and experience in the global healthcare investment community.

MEGAN BALDWIN

PhD, MAICD

Managing Director and Chief Executive Officer

Dr Megan Baldwin was appointed CEO and Managing Director in February 2014. Dr Baldwin brings over 20 years of experience focussing on angiogenesis and therapeutic strategies for cancer and ophthalmic indications. Dr Baldwin joined Opthea in 2008 and since then has held various positions, including Head of Preclinical R&D and Chief Executive Officer of Opthea Pty Ltd, formerly a 100% owned subsidiary of Opthea, developing OPT-302 for the treatment of wet age-related macular degeneration. Prior to joining Opthea, she was employed at Genentech (now Roche), the world leader in the field of angiogenesis-based therapies for cancer and other diseases.

Her experience included several years as a researcher in the group of leading angiogenesis expert Napoleone Ferrara, before moving to Genentech's commercial division and having responsibility for corporate competitive intelligence activities. In these roles, she developed extensive commercial and scientific knowledge in the field of anti-angiogenic and oncology drug development. She holds a PhD in Medicine from the University of Melbourne, having conducted her doctoral studies at the Ludwig Institute for Cancer Research on the biology of VEGF-C and VEGF-D, is a member of the Australian Institute of Company Directors and a director of Ausbiotech.

LAWRENCE GOZLAN

B.Sc. (Hons)

Non-Executive Director

Lawrence Gozlan was appointed as a director on 24 July 2020. Mr Gozlan, a leading biotechnology investor and advisor, is the Life Sciences Investment Manager at Jagen Pty Ltd, a family office. Mr Gozlan is also the Chief Investment Officer and Founder of Scientia Capital, a specialised global investment fund focused exclusively in life sciences. The Company was founded to provide high level expertise and to manage investments for high net worth individuals, family offices and institutional investors wanting exposure to the biotechnology industry.

Prior to this, Mr Gozlan was responsible for the largest biotechnology investment portfolio in Australia as the institutional biotechnology analyst at QIC ("the Queensland Investment Corporation"), an investment fund with over $60 billion under management. He previously worked as the senior biotechnology analyst in the equities team at Foster Stockbroking, and gained senior corporate finance experience advising life science companies at Deloitte.

Mr Gozlan holds a Bachelor of Science with Honors in microbiology and immunology from the University of Melbourne specialising in neurodegenerative diseases.

COMPANY SECRETARY MIKE TONROE

BSc(Hons) FCA MAICD

Mike Tonroe, a fellow of the Institute of Chartered Accountants in England and Wales and member of the Australian Institute of Company Directors, was appointed as Chief Financial Officer and Company Secretary on 19 May 2014.

Mike previously held CFO and senior executive and general management positions in a number of international and Australian companies.

Mike is also the Company Secretary for Opthea's subsidiary company, Vegenics Pty Ltd.

Directors' Report (Cont.)

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship
Geoffrey Kempler	Alterity Therapeutics Limited	Since 2000
Lawrence Gozlan	Alterity Therapeutics Limited	Since 2011

DIRECTORS' INTERESTS

At the date of this report, the relevant interests of each director of the Company in the contributed equity of the Company are as follows:

	Fully paid ordinary shares	Options granted under LTIP and NED Plans
Megan Baldwin	987,723	7,000,000
Geoffrey Kempler	900,960	3,500,000
Michael Sistenich	520,178	2,500,000
Lawrence Gozlan	1,877,357	–

SHARE OPTIONS

As at 30 June 2020 and the date of this report, details of Opthea's interests under option are as follows:

Long Term Incentive and Non-Executive Director Share and Option Plans

During the 2016, 2018 and 2019 financial years the Company granted 18,919,000 options to purchase ordinary shares to directors and employees under the Long Term Incentive (LTIP) and Non-Executive Director Share and Option (NED) Plans. No options were granted under these plans during the 2020 financial year.

Grant date	Expiry date	Granted to	Exercise price	Number of options granted
7 March 2016	7 March 2021	Directors under the LTIP and NED plan	$0.48	7,000,000
31 March 2016	1 January 2022	Employees under the LTIP	$0.48	2,575,000
23 August 2017	1 January 2023	Employees under the LTIP	$1.16	500,000
29 November 2018	29 November 2022	Directors under the LTIP and NED plan	$0.855	6,000,000
3 April 2019	3 April 2023	Employees under the LTIP	$0.855	2,844,000
				18,919,000

The Remuneration Report section of this report contains details on the terms and conditions of the options granted under the Company's LTIP and NED Plans.

DIVIDENDS

No cash dividends have been paid, declared or recommended during or since the end of the financial year by the Company.

PRINCIPAL ACTIVITIES

The principal activity of Opthea Limited is to develop and commercialise therapies primarily for eye disease. Opthea's lead asset, OPT-302, is a soluble form of VEGFR-3 in clinical development as a novel therapy for wet age-related macular degeneration (wet AMD) and diabetic macular edema (DME). Wet AMD and DME are leading causes of blindness in the elderly and diabetic populations respectively, and are increasing in prevalence worldwide.

Opthea's principal activities in 2019-20 included the completion of a Phase 2a clinical trial in DME patients. In addition, Opthea conducted a number of activities to support our clinical development programs in wAMD and DME, including clinical data analysis and manufacturing of OPT-302 for use in Phase 3 clinical trials.

Opthea's development activities are based on an extensive intellectual property portfolio covering key targets (Vascular Endothelial Growth Factors VEGF-C, VEGF-D and VEGF Receptor-3) for the treatment of diseases associated with blood and lymphatic vessel growth (angiogenesis and lymphangiogenesis respectively), as well as vascular leakage. Angiogenesis and vascular leakage are key hallmarks of several eye diseases, including wet AMD and DME.

OPERATING AND FINANCIAL REVIEW

Financial performance

The consolidated results of Opthea and its subsidiary (the Group) for the year reflect the Group's investment in advancing its OPT-302 ophthalmology program.

A summary of the results is as follows:

- The major expenditure of the Group has been in relation to R&D, in particular costs associated with the Phase 2b and Phase1b/2a clinical trials of OPT-302 for wet AMD and DME;
- Direct R&D expenditure amounted to $17,954,073 (2019: $31,347,891). Including personnel costs and other R&D support costs which are included in administrative costs, total expenditure in R&D amounted to $19,616,375 (2019: $33,679,391);
- Opthea received an R&D tax incentive payment during the year of $14,636,973 (2019: $12,017,247); and
- The consolidated net loss of the Group for the year was $16,529,281 after an income tax benefit of $8,533,123 (2019: loss of $20,910,061 after an income tax benefit of $14,636,973).

Financial Position

The Group's statement of financial position includes the following key balances:

- Consolidated cash balances as at 30 June 2020 amounted to $62,020,382 (2019: $21,534,919);
- Receivables of $8,817,514 (2019: $14,932,759) include the Opthea Group's expected refund of R&D tax incentives for the year to June 2020 of $8,533,123 (2019: $14,636,973);
- The Group has a net current asset surplus of $64,397,697 (2019: $30,376,200); and
- The net tangible asset backing per share as at 30 June 2020 was $0.24 (2019: $0.12); Opthea's share price was $2.36 (2019: $0.67).

Opthea: Company Overview

Wet (neovascular) age-related macular degeneration (wet AMD) and diabetic macular edema (DME) are the leading causes of visual impairment in the elderly and diabetic populations respectively. Globally, progressive vision loss associated with wet AMD and DME contributes to significant healthcare and economic costs and greatly impacts patient independence and quality of life.

Current treatment options for wet AMD and DME patients are limited and work sub-optimally in the majority of patients. With the prevalence of both diseases on the rise given the aging population and rising incidence of diabetes worldwide, there remains a significant market opportunity for novel therapies that can improve vision in patients with these diseases.

OPT-302 is a novel therapeutic being developed by Opthea to improve vision in patients with eye diseases that affect the back-of-the-eye or retina. This lead therapeutic candidate has been investigated in two large Phase 2 clinical trials to determine if OPT-302 improves visual acuity in patients receiving standard of care therapy for wet AMD and DME. Opthea has made significant advances in the progress of these studies over the past 12 months and we are preparing for Phase 3 clinical trials.

In August 2019, we reported results of the Phase 2b clinical trial in wet AMD demonstrating superior vision gains in patients receiving OPT-302 + ranibizumab (anti-VEGF-A) combination therapy compared to ranibuzumab alone. In June 2020, we also reported the Phase 2a clinical trial in DME had met its primary end points.

Wet AMD and DME Represent Large Commercial Opportunities for Novel Therapies

Both wet AMD and DME are associated with vascular dysfunction and fluid accumulation at the back of the eye in a region of the central retina or 'macula' that is needed for sharp, central vision. Vessel growth and vascular leakage are primarily driven by members of the vascular endothelial growth factor (VEGF) family, which comprises 5 members including VEGF-A, VEGF-B, VEGF-C,

Directors' Report (Cont.)

VEGF-D and placenta growth factor (PlGF). Elevated levels of these signals and their receptors are associated with retinal disease progression.

Current treatments for wet AMD and DME share a common mechanism of action by inhibiting VEGF-A. VEGF-A inhibitors approved for the treatment of these diseases include Lucentis (ranibizumab) and Eylea (aflibercept) which together generated revenues in excess of 11 billion USD in 2019. Despite the widespread use and extraordinary commercial success of this class of therapies for retinal disease, many patients respond sub-optimally. As such, there remains a very large commercial opportunity for novel therapies that can address the unmet medical need in patients that experience sub-optimal gains in visual acuity and/or persistent retinal fluid despite regular administration of existing treatments.

OPT-302: Opthea's Approach to Address the Unmet Medical Need for Patients with Retinal Disease

Approved therapies for wet AMD and DME block the activity of VEGF-A, but not VEGF-C and VEGF-D which also stimulate blood vessel growth and vascular leakage and are implicated in the progression of retinal diseases. OPT-302 is a fusion protein that binds and neutralises the activity of VEGF-C and VEGF-D and is being developed by Opthea as a complementary medicine to be used in conjunction with VEGF-A inhibitors for the treatment of wet AMD and DME.

By combining administration of OPT-302 with a VEGF-A inhibitor, complete blockade of important signalling pathways that contribute to the pathophysiology of retinal diseases can be achieved, which may improve visual acuity and retinal swelling in patients. Furthermore, as both VEGF-C and VEGF-D can be upregulated to compensate for VEGF-A inhibition, OPT-302 may block mechanisms of resistance to existing therapies, which may then result in improved and more durable clinical responses.

With a scarcity of novel combination therapies in development that may offer improved outcomes for retinal disease patients, Opthea's OPT-302 is a promising drug candidate with large commercial potential that has demonstrated improved visual acuity outcomes in patients when administered in combination with a VEGF-A inhibitor in a randomized, controlled, double-masked Phase 2b clinical study. As such, the commercial potential is substantial, as OPT-302 has the potential to be combined with currently available VEGF-A inhibitors or next generation anti-VEGF-A agents.

Operational update

Over the past 12 months, Opthea has continued to progress its clinical development program investigating OPT-302 as a combination therapy in two distinct retinal diseases:

Wet (neovascular) AMD:

Opthea reported top-line data from the Company's randomised, controlled Phase 2b clinical trial investigating OPT-302 administered in combination with the VEGF-A inhibitor Lucentis compared to Lucentis alone.

Persistent, central-involved DME:

Opthea reported outcomes from a Phase 2a randomised, controlled dose expansion trial of OPT-302 administered in combination with Eylea.

Opthea is fully funded through the remaining Phase 2b trial close-out activities and completion of the ongoing Phase 2a study in diabetic macular edema. The strong cash position of the company follows a successful capital raising completed in December 2019: a $50m private placement supported by Australian and UK institutional investors. In addition, in September 2019, Opthea received a A$14.6 million research and development (R&D) tax credit from the Australian Taxation Office.

To facilitate the progression of Opthea's clinical development program, Opthea has entered into research and development contracts with various third parties, including a global contract research organisation (CRO) to provide services for the conduct of clinical trials. These activities and forecast expenditure in note 25(ii) were anticipated and are consistent with use-of-funds disclosures to shareholders in support of the April 2017 and December 2019 fund raisings.

Phase 2b wet AMD clinical trial

Opthea's Phase 2b wet AMD clinical trial is a randomized, controlled, double-masked study investigating OPT-302 + Lucentis compared to Lucentis alone in 366 wet AMD patients. Patients were recruited across 113 trial sites in the US, Israel and Europe (including the United Kingdom, France, Poland, Hungary, Spain, Latvia, Italy and Czech Republic).

All patients recruited to the study were newly diagnosed treatment naïve patients who have not received prior therapy for wet AMD. Patients were assigned to one of three treatment groups and received either Lucentis alone, or OPT-302 (low dose, 0.5 mg) in combination with Lucentis or OPT-302 (high dose, 2.0 mg) in combination with Lucentis. Agents are administered on a monthly basis for six months via intravitreal (ocular) injection.

The primary endpoint of the study was the assessment of visual acuity at the completion of the dosing period (week 24) compared to baseline. In addition, several secondary outcome measures were also assessed including anatomical parameters of the wet AMD lesion using imaging techniques such as optical coherence tomography and fluorescein angiography.

Patient recruitment into the trial was completed in under 12 months and a number of months ahead of projected timelines, reflecting the commitment of both patients and clinical investigators to advance promising new treatments for this debilitating disease. The final patient completed their clinical visit in the Phase 2b study on 15 May 2019 and topline results of the study, reporting that the trial met the primary endpoint, were announced on 7 August 2019.

Results of the Phase 2b trial of OPT-302 in Wet AMD

On 7 August 2019 the Company announced positive results from its Phase 2b clinical trial of OPT-302. The prospective, randomized, controlled clinical trial which consisted of 366 treatment-naïve patients with wet AMD, demonstrated that the combination of OPT-302 (2.0 mg) with Lucentis®, met the pre-specified primary endpoint of superiority in mean visual acuity gain at 24 weeks compared to Lucentis monotherapy.

Patients receiving the combination of OPT-302 (2.0 mg) and Lucentis gained a mean of 14.2 letters of vision on the Early Treatment of Diabetic Retinopathy Study (ETDRS) standardized eye chart at 24 weeks, compared to 10.8 letters for patients receiving Lucentis monotherapy, an improvement of 3.4 letters ($p=0.0107$). Low dose OPT-302 (0.5 mg) combined with Lucentis had similar effects to Lucentis monotherapy (mean visual acuity gain of 9.4 letters at 24 weeks). In addition, OPT-302 (2.0 mg) combination therapy showed improvements across multiple secondary endpoints of functional measures in support of the primary outcome, including a higher proportion of patients with stable vision (defined as ≤ 15 letter loss) and also for those gaining ≥10 and ≥15 letters of visual acuity, compared to Lucentis.

OPT-302 intravitreal injections were well tolerated, with the safety profile of either dose of OPT-302 combination therapy comparable to Lucentis monotherapy in line with previous studies. The Independent Data and Safety Monitoring Board (DSMB) confirmed that no new safety risks were identified in patients administered OPT-302 in combination with Lucentis compared to those patients administered Lucentis alone. Baseline disease and imaging characteristics were well balanced between treatment groups.

OPT-302 also showed encouraging results in multiple prospective secondary efficacy endpoints, consistent with findings from the previous first-in-human Phase 1/2a trial in wet AMD patients. 45.0% of patients receiving high dose OPT-302 + Lucentis therapy gained 15 or more letters from baseline to week 24, compared to 40.5% of patients receiving Lucentis monotherapy. The difference in the proportion of patients gaining 10 or more letters was even greater with 70% of patients gaining two or more lines of vision (≥10 letters) in the OPT-302 (2.0 mg) combination group compared to 57.8% for Lucentis alone (an increase of 12.2%). A high proportion of patients (99.2%) achieved stable vision at week 24 in the OPT-302 (2.0 mg) combination group (defined as ≤ 15 letter loss from baseline) compared to 96.6% in the Lucentis monotherapy group.

Retinal thickness was normalized consistently across all treatment groups by week 24. In the OPT-302 (2.0 mg) combination arm, mean CST was reduced from 414 μm at baseline to 266 μm at week 24, a reduction of 147 μm. Similarly, mean CST was reduced by a mean of 134 μm to 278 μm from baseline to week 24 following Lucentis monotherapy.

Results of the Phase 1b/2a DME clinical trial

Opthea's Phase 1b/2a trial in patients with diabetic macular edema (DME) marked the expansion of the company's clinical development program for OPT-302 into a second ocular indication.

The primary safety objective of the Phase 1b dose escalation study of OPT-302 administered in combination with Eylea via sequential intravitreal injection on a monthly basis for three months was met in July 2018. This marked a considerable safety milestone for OPT-302, with a favourable safety profile having been demonstrated in combination with two standard of care anti-VEGF-A therapies, Lucentis (in wet AMD) and Eylea (in DME).

Subsequently, in October 2018 Opthea reported positive three-month data from the 9 patients enrolled in the Phase 1b dose escalation study. Vision improvement and reductions in retinal swelling were observed following conversion to OPT-302 combination treatment in this group of patients with persistent DME, with a clear dose-response relationship of gains in visual acuity with ascending OPT-302 dose levels.

Clinical trial sites in the US, Australia, Israel and Latvia recruited patients into the Phase 2a randomized, controlled dose expansion trial. Enrolment of 108 eligible patients for this trial completed in January 2020, with treatment allocated in a 2:1 ratio to either OPT-302 (2 mg) with Eylea (2 mg) or Eylea (2 mg) monotherapy.

The primary objectives of the Phase 2a study were to evaluate the (i) safety/tolerability and (ii) efficacy of OPT-302 by determination of clinical response rate, defined as the proportion of patients receiving combination OPT-302 and Eylea achieving a ≥5 letter gain in visual acuity (VA) at week 12 compared to baseline. Secondary outcome measures including evaluation of changes in mean VA and anatomical parameters such as central subfield thickness (CST) and retinal swelling were also investigated.

Primary endpoints of the trial were reported in June 2020, with the primary end point of response with OPT-302 and Eylea achieved: 52.8% of refractory DME patients gained at least 5 letters of visual acuity at week 12 following OPT-302 combination therapy. The co-primary endpoint was also met: OPT-302 combination therapy was well tolerated and with a similar safety profile to Eylea.

Intellectual property

Opthea owns a patent family covering the OPT-302 molecule, and uses thereof, extending out to February 2034. This patent has been filed in 19 jurisdictions and has already granted in the United States, Europe (validated in 38 countries), Japan, Australia, New Zealand, Malaysia, Singapore, Mexico, South Africa, Colombia and Russia. The patent application has been accepted for grant in Canada and Israel, and is currently pending in China, Brazil, India, South Korea, Indonesia and the Philippines.

The United States patent, which granted in August 2017, includes broad claims to the OPT-302 molecule, and analogues thereof, and their use to treat disorders involving neovascularisation, including eye diseases such as wet AMD and DME. In the United States, Opthea has another granted patent relating to soluble

Directors' Report (Cont.)

VEGFR-3 molecules which includes composition of matter claims to soluble VEGFR-3 molecules (such as OPT-302) and extends out to November 2026.

Investor relations

Over the past 12 months, Opthea has continued to raise the profile of the company's technology to both the international and local investment community. The Company regularly presents and meets with global institutional and retail investors through investor meetings and forums. Opthea attended the 38th Annual J.P. Morgan Conference in San Francisco in January 2020. The conference attracts investors as well as pharmaceutical and biotechnology executives from around the world and is one of the industry's largest healthcare investment conferences.

Several presentations were also made to the clinical ophthalmology community, with Opthea being invited to present at the Ophthalmology Innovation Summit (OIS) associated with the American Academy of Ophthalmology meeting in Chicago. An update on Opthea's wet AMD and DME clinical trial results was also made recently at the Ophthalmology Innovation Summit at the American Society Retinal Specialists (OIS@ASRS) meeting in July 2020. Opthea hosted a Key Opinion Leader Symposium on wet AMD and DME on 6 August 2020 in which the Company's clinical trial data with OPT-302 was discussed and an overview provided of the future clinical development path and commercial opportunity for OPT-302 in retinal diseases. Further data presentations are planned over the next 12 months.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

IMPACT OF COVID-19

We are closely monitoring how the COVID-19 situation is affecting our employees, business, preclinical studies and clinical trials. In response to the COVID-19 pandemic, all of our employees have transitioned to working remotely and travel has been restricted. Although operations to date have not been materially affected by the COVID-19 pandemic, at this time, there is significant uncertainty relating to the trajectory of the pandemic. The impact of related responses and disruptions caused by the COVID-19 pandemic may result in difficulties or delays in initiating, enrolling, conducting or completing future clinical trials and the Company incurring unforeseen costs as a result of disruptions in clinical supply or clinical trial delays.

The impact of COVID-19 on our future results will largely depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the pandemic, travel restrictions and social distancing in Australia, the United States and other countries, business closures or business disruptions, the ultimate impact on financial markets and the global economy and the effectiveness of actions taken in Australia, the United States and other countries to contain and treat the disease.

FUTURE DEVELOPMENTS

Opthea continues to advance the clinical development of OPT-302 to key commercial milestones through the completion of the Phase 2a clinical trial with OPT-302 in persistent DME patients, as well as manufacturing and regulatory engagement for a Phase 3 wet AMD study.

Specifically, the key objectives of the Company over the next 12 months are to:

wet AMD:

- Publish outcomes of the Phase 2b wet AMD trial in a peer reviewed journal;
- Manufacture sufficient clinical grade OPT-302 for Phase 3 clinical trials; and
- Develop plans to advance OPT-302 into Phase 3 clinical trials for the treatment of wet AMD and initiate patient recruitment into those studies.

DME:

- Prepare and complete the Phase 1b/2a DME clinical study report;
- Publish outcomes of the 1b/2a DME trial in a peer reviewed journal; and
- Prepare clinical development plans to advance OPT-302 for the treatment of DME.

Corporate:

- Ensure the global investment and pharmaceutical/biotechnology community is aware of the commercial potential inherent in OPT-302; and
- Plan for various and all opportunities to advance further development of OPT-302 through investment out-reach and engagement with pharmaceutical/biotechnology companies in the sector.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 21 August 2020, the Company announced it had completed End-of-Phase 2 meetings with the US Food and Drug Administration and a Scientic Advice meeting with the European Medicines Agency to obtain guidance on the Company's Phase 3 clinical development plans. The outcome of the meetings support the progression of OPT-302 into Phase 3 and pre-commercial development.

The Company announced on 24 August 2020, it is planning to conduct a potential initial public offering of American Depository Shares (ADSs) in the U.S. representing Opthea's ordinary shares, which will remain listed on the ASX, and concurrent listing of the ADSs on Nasdaq. Any offering and listing of ADSs on Nasdaq would be intended to support Opthea's product development activities, including its previously announced Phase 3 trials of OPT-302 for the treatment of wet AMD.

Except for the above, there were no other significant events after 30 June 2020 to report.

ENVIRONMENTAL REGULATIONS

The Company is not subject to significant environmental regulations.

INDEMNIFICATION AND INSURANCE

During the financial year ended 30 June 2020, the Company indemnified its directors, the company secretary and executive officers in respect of any acts or omissions giving rise to a liability to another person (other than the Company or a related party) unless the liability arose out of conduct involving a lack of good faith. In addition, the Company indemnified the directors, the company secretary and executive officers against any liability incurred by them in their capacity as directors, company secretary or executive officers in successfully defending civil or criminal proceedings in relation to the Company. No monetary restriction was placed on this indemnity.

The Company has insured its directors, the company secretary and executive officers for the financial year ended 30 June 2020. Under the Company's Directors' and Officers' Liabilities Insurance Policy, the Company shall not release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the *Corporations Act 2001* to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

DIRECTORS' MEETINGS

The number of meetings of directors and meetings of committees of the board held during the year are set out below. Attendance by the directors at these meetings as relevant to each of them is as shown. It is the Company's practice to invite all directors to committee meetings irrespective of whether they are members.

	Directors' meetings	Meetings of committees		
		Audit & Risk	Nomination	Remuneration
Number of meetings held:	10	6	3	1
Number of meetings attended:				
Geoffrey Kempler	10	6	3	1
Michael Sistenich	10	6	3	1
Megan Baldwin	10	6	3	1

Committee membership

During the year, the Company had Audit and Risk, Remuneration and Nomination committees.

Members acting on the committees of the board during the year were:

Audit & Risk	Nomination	Remuneration
Michael Sistenich (Chairman)	Michael Sistenich (Chairman)	Michael Sistenich (Chairman)
Geoffrey Kempler	Geoffrey Kempler	Geoffrey Kempler

AUDITOR'S INDEPENDENCE DECLARATION

The directors have obtained a declaration of independence from Deloitte Touche Tohmatsu, the Company's auditors, which is set out on page 15 and forms part of the directors' report for the financial year ended 30 June 2020.

PROCEEDINGS ON BEHALF OF THE COMPANY

There were no persons applying for leave under section 237 of the *Corporations Act 2001* to bring, or intervene in, proceedings on behalf of the Company.

Directors' Report (Cont.)

REMUNERATION REPORT – AUDITED

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Opthea Limited's key management personnel for the financial year ended 30 June 2020. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Key management personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

Non-executive directors

Geoffrey Kempler	Chairman, Non-executive director
Michael Sistenich	Non-executive director
Lawrence Gozlan (appointed 24 July 2020)	Non-executive director

Executive officers

Megan Baldwin	Chief Executive Officer and Managing Director
Mike Tonroe	Chief Financial Officer and Company Secretary

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Principles of compensation

Compensation packages include a mix of fixed and variable compensation and long-term performance based incentives.

Diversity

The directors consider annually if the diversity of the Company's personnel is appropriate. During the three years ended 30 June 2020, a third of the directors and 56% of employees were female.

Fixed compensation

The level of fixed remuneration is set to provide a base level of compensation which is both appropriate to the position and is competitive in the market.

The remuneration committee accesses external advice independent of management if required.

Fixed compensation comprises salary and superannuation and is reviewed every 12 months by the remuneration committee. No external advice has been sought during either 2020 or 2019

Performance linked compensation

Short Term Incentives (STI): The objective of STI is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level that provides sufficient incentive to the executive to achieve the operational targets at a cost to the Company that is reasonable in the circumstances.

Actual STI payments in the form of cash bonuses to key management personnel (KMP) depend on the extent to which specific targets set at the beginning of the financial year (or shortly thereafter) are met. The targets consist of a number of Key Performance Indicators (KPIs) covering corporate objectives and individual measures of performance. Individual KPIs are linked to the Company's development plans.

On an annual basis, after consideration of performance against KPIs, the remuneration committee determines the amount, if any, of the STI to be paid to KMP. Payments of the STI bonus are made in the following reporting period.

The remuneration committee considered the STI payment for the 2020 financial year in August 2020. Based on the achievement of operational objectives in the financial year, the remuneration committee has determined there will be $164,211 STI bonus paid to KMP for the 2020 financial year (2019: $189,091).

Long term incentive plan (LTIP): The objective of the LTIP is to reward KMP in a manner that aligns this element of compensation with the creation of shareholder wealth. LTIP grants are made to KMP and employees who are able to influence the generation of shareholder wealth and have a direct impact on the Company's performance and development. Option vesting conditions are based on continued service to the Company by the KMP.

The Company implemented an LTIP to attract, retain and motivate eligible employees, essential to the continued growth and development of the Company. The LTIP was approved by shareholders at the Company's 2014 AGM. The limit of the Company's share capital to be granted under the LTIP was increased to 10% at the 2016 EGM.

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the remuneration committee have regard to operational contributions and the following indices in respect of the current and previous four financial years.

	2020 $	2019 $	2018 $	2017 $	2016 $
Revenue including finance income	808,405	914,840	1,143,822	573,421	765,274
Loss before tax	(25,062,404)	(35,547,034)	(28,919,488)	(9,360,808)	(8,100,978)
Tax benefit	8,533,123	14,636,973	12,017,248	3,167,912	1,569,204
Loss after tax	(16,529,281)	(20,910,061)	(16,902,240)	(6,192,896)	(6,531,774)

	2020 $	2019 $	2018 $	2017 $	2016 $
Basic loss per share	(0.06)	(0.09)	(0.08)	(0.04)	(0.04)
NTA backing per share @ 30 June	0.24	0.12	0.19	0.27	0.10
Opthea share price @ 30 June	2.36	0.67	0.53	0.75	0.50

Change in share price is one of the financial performance targets considered in setting STI.

Service contracts

Dr Megan Baldwin, CEO and Managing Director, is employed under an ongoing contract that commenced on 24 February 2014. Under the terms of the present contract (including any subsequent board approvals relating to fixed remuneration) Megan:

- Receives fixed remuneration of $440,000 per annum from 1 November 2018.
- May resign from her position and thus terminate this contract by giving three months' notice.

On resignation, any unvested LTI options or conditional rights will be forfeited. The Company may terminate this employment agreement by providing:

- 3 months' notice; or
- Payment in lieu of the notice period (as detailed above) based on the fixed component of Megan's remuneration.

On termination notice by the Company, any LTIP options that have vested or that will vest during the notice period will be released. Options granted that have not yet vested will be forfeited.

The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Where termination with cause occurs, Megan is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately be forfeited.

Mike Tonroe, Chief Financial Officer and Company Secretary, has an ongoing contract. The Company may terminate the employment agreement by providing three months' notice or providing payment in lieu of the notice period (based on the fixed component of remuneration).

The Company may terminate Mike Tonroe's contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed and only up to the date of termination.

Directors’ Report (Cont.)

Non-executive directors

The base non-executive director fee for Chairman is $90,405 per annum and $60,000 per annum for other non-executive directors. Base fees cover all main board activities and membership of all board committees.

Non-executive directors are not provided with retirement benefits apart from statutory superannuation.

The Company implemented a non-executive director share and option plan (NED Plan) following its approval at the 2014 AGM. Approval of further grant of options to non-executive directors under the NED Plan was made at the 2018 AGM. Under the NED Plan, present and future non-executive directors may:

- elect to receive newly issued ordinary shares (Shares) or options to acquire newly issued Shares in lieu of receiving some or all of their entitlement to their director’s existing cash remuneration (in accordance with article 61.8 of the Company’s constitution);
- be awarded newly issued Shares or options to acquire newly issued Shares in lieu of additional cash remuneration in respect of services provided to the Company which in the opinion of the Board are outside the scope of the ordinary duties of the relevant director (in accordance with article 61.5 of the Company’s constitution); and/or
- otherwise be awarded newly issued Shares or options to acquire newly issued Shares as part of the directors’ remuneration in addition to any existing cash remuneration paid to directors (if any).

Advantages of the NED Plan are that it:

- assists the Company in preserving its cash for use towards advancing the Company’s lead molecule, OPT-302, through Phase 2 clinical studies;
- gives non-executive directors an opportunity to demonstrate their commitment and support for the Company through sacrificing some or all of their director’s fees for Shares or options in Opthea; and
- provides the Company with further flexibility in the design of the directors’ remuneration packages and in turn assists the Company with retaining existing directors and attracting new additional directors with the relevant experience and expertise, in both cases to further advance the prospects of the Company.

Directors' and executive officers remuneration

Details of the nature and amount of each major element of remuneration of each director and key management personnel of the Company are:

		Short Term		Post Employment	Long Term	Termination benefits	Share-based payment		
		Salary & Fees $	Cash bonus [1] $	Superannuation $	Long Service Leave $	Termination Pay $	Options $	Total $	Total performance related %
Non-Executive directors:									
Geoffrey Kempler	2020	90,405	–	8,589	–	–	125,452	224,446	56%
	2019	90,405	–	8,589	–	–	175,798	274,792	64%
Michael Sistenich	2020	60,000	–	5,700	–	–	125,452	191,152	66%
	2019	60,000	–	5,700	–	–	175,798	241,498	73%
Lawrence Gozlan [2]	2020	–	–	–	–	–	–	–	–
	2019	–	–	–	–	–	–	–	–
Sub-total									
Non-executive directors	2020	150,405	–	14,289	–	–	250,904	415,598	60%
	2019	150,405	–	14,289	–	–	351,596	516,290	68%
Executive directors:									
Megan Baldwin	2020	440,000	100,000	51,300	–	–	250,905	842,205	42%
	2019	413,500	126,750	51,324	–	–	351,597	943,171	51%
Other Key Management Personnel:									
Mike Tonroe	2020	256,844	64,211	30,500	–	–	117,516	469,071	39%
	2019	249,363	62,341	29,612	–	–	49,113	390,429	29%
Totals	**2020**	**847,249**	**164,211**	**96,089**	**–**	**–**	**619,325**	**1,726,874**	**45%**
	2019	**813,268**	**189,091**	**95,225**	**–**	**–**	**752,306**	**1,849,890**	**51%**

1 Bonuses are paid in the financial year following the year in which they are earned.

2 Lawrence Gozlan was appointed as a non-executive director on 24 July 2020. Mr Gozlan's annual director fee is $60,000 plus superannuation.

Equity instruments

All options refer to options over ordinary shares of Opthea Limited which are exercisable on a one-for-one basis under the Long Term Incentive (LTIP) and Non-executive share and options (NED) plans.

Directors' Report (Cont.)

Options over equity instruments granted as compensation

Details of options over ordinary shares in the Company that were granted as compensation to KMP during the reporting period and details of options that vested during the reporting period are as follows:

	During the financial year	
Name	Number of options granted	Number of options vested [1]
Megan Baldwin	–	3,000,000
Geoffrey Kempler	–	1,500,000
Michael Sistenich	–	1,500,000
Mike Tonroe	–	600,000

1 Options that vested during the financial year were originally granted in the year ended 30 June 2019.

All options expire on the earlier of their expiry date or termination of the individual's employment. Option vesting is conditional on the individual being employed or in office. The options are exercisable up to three years after they vest.

Exercise of options granted as compensation

During the reporting period, no shares were issued to KMP on the exercise of options previously granted as compensation.

Details of options affecting current and future remuneration

Details of vesting profiles of the options held by each KMP of the Company are:

	Number of options	Grant date	% vested	% forfeited [1]	Financial years in which grant vests	Vesting Conditions
Megan Baldwin	1,320,000	7 March 2016	100%	0%	1 July 2015	Continued service
	1,320,000	7 March 2016	100%	0%	1 July 2016	
	1,360,000	7 March 2016	100%	0%	1 July 2017	
	3,000,000	29 November 2018	100%	0%	1 July 2019	
Geoffrey Kempler	660,000	7 March 2016	100%	0%	1 July 2015	Continued service
	660,000	7 March 2016	100%	0%	1 July 2016	
	680,000	7 March 2016	100%	0%	1 July 2017	
	1,500,000	29 November 2018	100%	0%	1 July 2019	
Michael Sistenich	330,000	7 March 2016	100%	0%	1 July 2015	Continued service
	330,000	7 March 2016	100%	0%	1 July 2016	
	340,000	7 March 2016	100%	0%	1 July 2017	
	1,500,000	29 November 2018	100%	0%	1 July 2019	
Mike Tonroe	264,000	31 March 2016	100%	0%	1 July 2016	Continued service
	264,000	31 March 2016	100%	0%	1 July 2017	
	272,000	31 March 2016	100%	0%	1 July 2018	
	600,000	3 April 2019	100%	0%	1 July 2019	

1 The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to vesting criteria not being achieved.

Options over equity instruments

The movement during the reporting period by number of rights and options over ordinary shares in Opthea Limited held directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Number of options:		Held at 1 July	Granted as compensation	Options exercised	Lapsed	Forfeited	Held at 30 June	Vested during the year	Vested and exercisable
Megan Baldwin	2020	7,000,000	–	–	–	–	7,000,000	3,000,000	7,000,000
	2019	4,000,000	3,000,000	–	–	–	7,000,000	–	4,000,000
Geoffrey Kempler	2020	3,500,000	–	–	–	–	3,500,000	1,500,000	3,500,000
	2019	2,000,000	1,500,000	–	–	–	3,500,000	–	2,000,000
Michael Sistenich	2020	2,500,000	–	–	–	–	2,500,000	1,500,000	2,500,000
	2019	1,000,000	1,500,000	–	–	–	2,500,000	–	1,000,000
Other executives									
Mike Tonroe	2020	1,400,000	–	–	–	–	1,400,000	600,000	1,400,000
	2019	800,000	600,000	–	–	–	1,400,000	272,000	800,000
Total	**2020**	**14,400,000**	**–**	**–**	**–**	**–**	**14,400,000**	**6,600,000**	**14,400,000**
	2019	**7,800,000**	**6,600,000**	**–**	**–**	**–**	**14,400,000**	**272,000**	**7,800,000**

Directors' Report (Cont.)

KEY MANAGEMENT PERSONNEL TRANSACTIONS

Movements in shares

The movement during the reporting period in the number of ordinary shares in Opthea Limited held, directly, indirectly or beneficially, by each KMP including their related parties is as follows:

Number of Ordinary Shares:		Balance at beginning of period 1 July	Granted as remuneration	On Exercise of Quoted Options	Purchased in the year	Sold during the year	Balance at end of period 30 June
Non-executive directors							
Geoffrey Kempler	2020	900,960	–	–	–	–	900,960
	2019	615,246	–	285,714	–	–	900,960
Michael Sistenich	2020	520,178	–	–	–	–	520,178
	2019	520,178	–	–	–	–	520,178
Executives							
Megan Baldwin	2020	987,723	–	–	–	–	987,723
	2019	1,643,223	–	11,500	–	(667,000)	987,723
Mike Tonroe	2020	–	–	–	–	–	–
	2019	–	–	–	–	–	–
Total	**2020**	**2,408,861**	**–**	**–**	**–**	**–**	**2,408,861**
	2019	**2,778,647**	**–**	**297,214**	**–**	**(667,000)**	**2,408,861**

This report has been signed in accordance with a resolution of the directors made pursuant to S.298 (2) of the *Corporations Act 2001* on 28 August 2020.

For and on behalf of the board:

Megan Baldwin
CEO & Managing Director Opthea Limited

Melbourne
28 August 2020

Declaration of Independence

Deloitte.

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The Board of Directors
Opthea Limited
Suite 0403, Level 4
650 Chapel Street
South Yarra, VIC 3141

28 August 2020

Dear Board Members

Auditor's Independence Declaration to Opthea Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Opthea Limited.

As lead audit partner for the audit of the financial statements of Opthea Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vincent Snijders
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	7	87,075	159,064
Other income	8	783,830	836,821
Research and development expenses	9	(17,954,073)	(31,347,891)
Patent expenses		(429,229)	(161,148)
Intellectual property costs		(114,046)	(112,795)
Administrative expenses	10	(7,001,507)	(5,174,755)
Occupancy expenses	10	(33,846)	(108,904)
Net foreign exchange gain/(loss)		(400,608)	362,574
Loss before income tax		(25,062,404)	(35,547,034)
Income tax benefit	11	8,533,123	14,636,973
Loss for the year		**(16,529,281)**	**(20,910,061)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on investments in financial assets		58,840	259,864
Other comprehensive income for the period, net of tax		58,840	259,864
Total comprehensive loss for the year		**(16,470,441)**	**(20,650,197)**
Loss for the year is attributable to:			
Owners of the Company	21	(16,529,281)	(20,910,061)
		(16,529,281)	**(20,910,061)**
Total comprehensive loss for the year is attributable to:			
Owners of the Company		(16,470,441)	(20,650,197)
		(16,470,441)	**(20,650,197)**
Loss per share attributable to the owners of the Company:			
– Basic and diluted loss per share (cents)	12	(6.34)	(8.98)

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 At 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	13	62,020,382	21,534,919
Current tax receivable	11	8,533,123	14,636,973
Receivables	14	284,391	295,786
Prepayments		478,632	424,603
Total current assets		**71,316,528**	**36,892,281**
Non-current assets			
Investments in financial assets	15	289,980	714,118
Plant and equipment		37,180	54,063
Right-of-use asset	16	243,510	–
Total non-current assets		**570,670**	**768,181**
Total assets		**71,887,198**	**37,660,462**
Liabilities			
Current liabilities			
Payables	17	5,895,034	5,951,942
Lease liabilities	16	145,043	–
Other financial liabilities		237,820	25,592
Provisions	18	640,934	538,547
Total current liabilities		**6,918,831**	**6,516,081**
Non-current liabilities			
Lease liabilities	16	120,033	–
Provisions	19	40,197	24,844
Total non-current liabilities		**160,230**	**24,844**
Total liabilities		**7,079,061**	**6,540,925**
Net assets		**64,808,137**	**31,119,537**
Equity			
Contributed equity	20	162,102,553	113,021,993
Accumulated losses	21	(102,589,341)	(86,060,060)
Reserves	21	5,294,925	4,157,604
Total equity		**64,808,137**	**31,119,537**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

	Note	Contributed equity $	Options reserve $	Share-based payments reserve $	Fair value of investments reserve $	Accumulated losses $	Total equity $
As at 1 July 2018		98,403,149	1,989,067	2,452,838	477,391	(65,149,999)	38,172,446
Fair value gains on investments in financial assets*	21	–	–	–	259,864	–	259,864
Loss for the year*		–	–	–	–	(20,910,061)	(20,910,061)
Total comprehensive income and expense for the period		–	–	–	259,864	(20,910,061)	17,522,249
Recognition of share-based payment	21	–	–	967,511	–	–	967,511
Transfer from option reserve on exercise of options	20	1,989,067	(1,989,067)	–	–	–	–
Issue of ordinary shares on the exercise of options	20	12,629,777	–	–	–	–	12,629,777
Balance at 30 June 2019		**113,021,993**	**–**	**3,420,349**	**737,255**	**(86,060,060)**	**31,119,537**
As at 1 July 2019		113,021,993	–	3,420,349	737,255	(86,060,060)	31,119,537
Fair value gains on investments in financial assets*	21	–	–	–	58,840	–	58,840
Loss for the year*		–	–	–	–	(16,529,281)	(16,529,281)
Total comprehensive income and expense for the period		–	–	–	58,840	(16,529,281)	(16,470,441)
Recognition of share-based payment	21	–	–	1,078,481	–	–	1,078,481
Issue of ordinary shares on the exercise of options	20	420,000	–	–	–	–	420,000
Issue of ordinary shares	20	48,660,560	–	–	–	–	48,660,560
Balance at 30 June 2020		**162,102,553**	**–**	**4,498,830**	**796,095**	**(102,589,341)**	**64,808,137**

* Amounts are after tax.

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

Consolidated Statement of Cash Flows For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Interest received		742,014	817,314
Royalty and licence income received		138,916	170,750
Grant income		62,500	77,745
Payment of lease interest		(7,680)	–
Payments to suppliers, employees and for research & development and intellectual property costs (inclusive of GST)		(24,354,991)	(37,268,212)
Research and development tax incentive scheme credit received		14,636,973	12,017,247
Net cash flows used in operating activities	24	(8,782,268)	(24,185,156)
Cash flows from investing activities			
Cash received on disposal of financial asset		482,978	339,046
Purchase of plant and equipment		(7,238)	(18,070)
Net cash flows provided by investing activities		475,740	320,976
Cash flows from financing activities			
Payment of lease liabilities	16	(100,189)	–
Net proceeds on issue of shares		48,660,560	–
Cash received for ordinary shares issued on exercise of options		420,000	12,629,777
Net cash flows provided by financing activities		48,980,371	12,629,777
Net increase/(decrease) in cash and cash equivalents		40,673,843	(11,234,403)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(188,380)	259,092
Cash and cash equivalents at beginning of year		21,534,919	32,510,230
Cash and cash equivalents at the end of the year	**13**	**62,020,382**	**21,534,919**

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

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

Opthea Limited (the Company) is a listed public company incorporated in Australia. The address of its registered office and principal place of business is: Suite 0403, Level 4, 650 Chapel Street, South Yarra, VIC 3141, Australia. These consolidated financial statements comprise the Company and its subsidiary (together referred to as the Group).

The Group's principal activity is the development of new drugs for the treatment of eye diseases.

2. BASIS OF ACCOUNTING

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations, and comply with other requirements of the law.

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

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 28 August 2020.

3. SUMMARY OF ACCOUNTING POLICIES

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the investments classified as financial assets, which have been measured at fair value. All amounts are presented in Australian dollars.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Foreign currency translation

i. Functional and presentation currency

Both the functional and presentation currency of the Group is Australian dollars ($).

ii. Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial assets and liabilities

Recognition and derecognition of financial assets

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. SUMMARY OF ACCOUNTING POLICIES (CONT.)

Other receivables

Other receivables generally comprise bank interest receivable, other receivables from external parties and Goods and Services Tax (GST) credits receivable, and are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The amounts are usually received within 30 to 60 days of recognition.

The Group measures the loss allowance for receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on receivables are estimated under the simplified approach as permitted under AASB 9 "*Financial Instruments*." This uses a provision matrix by reference to past experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Investments

Investments in financial assets comprise of the Group's non-current investments in listed companies.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as fair value through other comprehensive income (FVTOCI). Designation at FVTOCI is not permitted if the equity instrument is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains or losses arising from changes in the fair value recognised in other comprehensive income and accumulated in the fair value of investments reserve. The fair values of investments in financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instruments.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with Australian Accounting Standards.

Finance income

Almost all of the Group's finance income is earned on short-term bank deposits, and as such, finance income is recognised when the Group's right to receive the payment is established.

Payables

Payables are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured and are usually paid within 30 days of recognition.

Other financial liabilities

Other financial liabilities in the Consolidated Statement of Financial Position represent the year end marked-to-market value of forward rate foreign exchange contracts to purchase US dollars (Contracts). These Contracts are used to settle US dollar denominated payables and expire within one year.

The foreign exchange loss on recognition of the Contracts is included in 'net foreign exchange gain/(loss)' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over their useful economic lives as follows:

- Equipment and furniture – 3 to 10 years; and
- Leasehold improvements – 8 years or the term of the lease if shorter.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the Consolidated Financial Statements (Cont.)

3. SUMMARY OF ACCOUNTING POLICIES (CONT.)

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is determined using market yields on bonds with similar terms to maturity. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate).

Leases of low-value assets

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as photo copiers and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within “administrative expenses” in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from the development expenditure on an internal project will only be recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

As of 30 June 2020, the Group is in the research phase and has not capitalised any development costs to date.

Provisions and employee benefits

i. Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees’ services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rate paid or payable.

ii. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

The Group provides benefits to directors and employees (including key management personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Binomial models are used to value the options issued.

The cost of the equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The charge to profit or loss for the period is the cumulative amount less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF ACCOUNTING POLICIES (CONT.)

Revenue recognition

License revenue in connection with licensing of the Group's intellectual property (including patents) to customers is recognised as a right to use the Group's intellectual property as it exists at the point in time in which the license is granted. This is because the contracts for the license of intellectual property are distinct and do not require, nor does the customer reasonably expect, that the Group will undertake further activities that significantly affect the intellectual property to which the customer has the rights. Although the Group is entitled to sales-based royalties from the eventual sales of goods and services to third parties using the intellectual property licensed, these royalty arrangements do not in themselves indicate that the customer would reasonably expect the Group to undertake such activities, and no such activities are undertaken or contracted in practice. Accordingly, the promise to provide rights to the Group's intellectual property is accounted for as a performance obligation satisfied at a point in time.

The following consideration is received in exchange for licenses of intellectual property:

- Up-front license fees – these are fixed amounts and are recognised at the point in time when the Group transfers the intellectual property to the customer.
- Sales-based royalties – these are variable consideration amounts promised in exchange for the license of intellectual property and are recognised when the sales to third parties occur given the performance obligation to transfer the intellectual property to the customer is already satisfied.

During the years ended 30 June 2020 and 2019, the Group's only revenue related to sales-based royalties.

Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Research and development tax incentive

The Research and Development (R&D) Tax Incentive Scheme is an Australian Federal Government program under which eligible companies with annual aggregated revenue of less than A$20 million can receive cash amounts equal to 43.5% of eligible research and development expenditures from the Australian Taxation Office (ATO). The R&D Tax Incentive Scheme incentive relates to eligible expenditure incurred in Australia and, under certain circumstances, overseas on the development of the Group's lead candidate, OPT-302. The R&D tax incentive is applied annually to eligible expenditure incurred during the Group's financial year following annual application to AusIndustry, an Australian governmental agency, and subsequent filing of its Income Tax Return with the ATO after the financial year end.

The Group estimates the amount of R&D tax incentive after the completion of the financial year based on eligible Australia and overseas expenditures incurred during that year.

The Group has presented incentives in respect of the R&D Tax Incentive Scheme within income tax benefit in the Statement of Profit or Loss and Other Comprehensive Income by analogising with AASB 112 "*Income Taxes*".

Deferred tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets (or credits) and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in profit or loss.

Notes to the Consolidated Financial Statements (Cont.)

3. SUMMARY OF ACCOUNTING POLICIES (CONT.)

Tax consolidation legislation

Tax consolidation is a system adopted by the ATO that treats a group of entities as a single entity for tax purposes. Opthea Limited and its 100% owned subsidiary formed a tax consolidated group effective July 1, 2003. The head entity, Opthea Limited, and its controlled entity, Vegenics Pty Ltd, are current members of the tax consolidated group and account for their own current and deferred tax amounts. Members of the tax consolidated group have adopted the "separate taxpayer within group" method to allocate the current and deferred tax amounts to each entity within the Group.

This method requires adjustments for transactions and events occurring within the tax consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

The head entity, which is the parent entity, in assuming the net unused tax losses and unused relevant tax credits, has recognised reductions to investments in subsidiaries and where the amount of tax losses assumed is in excess of the carrying value of the investment, the parent has recognised the difference as a distribution from subsidiary in profit or loss.

Other taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosure.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions.

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

4.1 Critical judgements in applying accounting policies

Research and development costs

The majority of Opthea's expenditure is incurred as a result of clinical trials for OPT-302. During the years ended 30 June 2019 and 2020, Opthea progressed Phase 2b wet age-related macular degeneration (wet AMD) and Phase 1b/2a diabetic macular edema (DME) trials. A key measure of Opthea's performance is the level of expenditure incurred on the research of OPT-302.

Judgment is required in relation to:

- the classification of expenses in the income statement between research and development costs and operating expenses; and
- whether costs relate to R&D, and consequently if they meet the capitalisation criteria under AASB 138 "*Intangible Assets*."

The directors have determined that the Group is still in a research phase and accordingly, no development costs have been capitalised as of 30 June 2020 (2019: nil).

Taxation

Research and development tax incentive

The Research and Development (R&D) Tax Incentive Scheme is an Australian Federal Government program under which eligible companies can receive cash refunds of 43.5% of eligible R&D expenditure. Judgments are required as to the R&D tax incentive refundable offset eligibility in respect of:

- the Group's ability to make claims and its continued compliance under the scheme;
- R&D and other supporting costs previously approved by Australian tax authorities;
- estimated amounts, timing and geographical location of future costs related to the projects for which applications have been approved to date; and
- assessment of whether expenditure on projects for which approval has been given by Australian tax authorities relate to Australian or overseas expenditure.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTYS (CONT.)

For the years ended 30 June 2020 and 2019, the Group has recognised an R&D tax incentive receivable of $8.5 million and $14.6 million respectively within the Consolidated Statement of Financial Position, with a corresponding amount recognised within income tax benefit within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The R&D tax incentive receivable as at 30 June 2020 is based on the legislation as currently enacted as at 30 June 2020. Any proposed changes to the legislation, such as rate changes to the eligibility requirements, may have a retrospective impact if the legislation is passed in its currently proposed form.

Investment tax credits such as the R&D tax incentive are outside of the scope of AASB 112 "*Income Taxes*" and AASB 120 "*Accounting for Government Grants and Disclosure of Government Assistance*." Based on the guidance in AASB 108 "*Accounting Policies, Changes in Accounting Estimates and Errors*," companies need to make an accounting policy choice on how to present these incentives, which in practice is done by either analogising with AASB 112 or with AASB 120. In the Group's opinion, the R&D tax incentive should be presented by analogising to AASB 112 because the nature of the incentive is considered to be more closely aligned to income taxes, based on the following considerations:

- The R&D tax incentive is considered an income tax offset which will be offset against the Group's tax obligation if and when the Group returns to a net tax payable position. In addition, whilst the Group is currently eligible to receive cash payments under the scheme since its consolidated revenue is currently below $20 million, if and when the Group generates revenue in excess of $20 million the R&D tax incentive will become non-refundable and can only be offset against any future income tax payable by the Group.
- The ATO, which is the tax authority in Australia, manages the annual claims process as the R&D tax incentive is included in the Group's annual income tax return.
- The ATO is also responsible for making the R&D tax incentive cash payment if a company is eligible for a cash refund under the program, oversees compliance with the requirements of the R&D tax incentive scheme and performs pre-issuance reviews.

Income tax

The Group's accounting policy for taxation requires judgments as to the differences between tax and accounting treatments of income and costs recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Judgment is also required in assessing whether deferred tax assets and liabilities are recognised in the statement of financial position and if accumulated income tax losses can be used to offset potential future tax profits.

4.2 Key sources of estimation uncertainty

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values are determined internally using Binomial models. The related assumptions are detailed in note 28. The accounting estimates and assumptions relating to equity-settled share-based payments have no impact on the carrying amounts of assets and liabilities in future reporting periods but may impact expenses and equity. Should one or more of the assumptions and estimates used in estimating the fair value of share-based payments change, this could have a material impact on the amounts recognised in equity and employee-related expenses.

5. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

New and amended Accounting Standards that are effective for the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 *Leases*;
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*; and
- Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*.

Notes to the Consolidated Financial Statements (Cont.)

5. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT.)

AASB 16 Leases

In the current year, the Group has adopted AASB 16 *Leases*, which is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. Details of these new requirements are described in note 3.

The date of initial application of AASB 16 for the Group is 1 July 2019. The Group has applied AASB 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under AASB 117 *Leases and Interpretation 4 Determining whether an Arrangement Contains a Lease*.

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

Impact on lease accounting

Former operating leases

AASB 16 changes how the Group accounts for leases previously classified as operating leases. Under AASB 117, operating lease payments were recognised as an expense in profit or loss on a straight line basis over the lease term.

Applying AASB 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as photo copier and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'administrative expenses' in profit or loss.

Financial impact of the initial application of AASB 16

The Group's previous lease for Opthea's office premises expired on 14 July 2019: the adoption of AASB 16 did not have a material impact on the Group's results on the date of transition. Following the renewal of the leased office premises on 15 July 2019, the Group recognised a right-of-use asset of $365,264 and a corresponding lease liability of $365,264 in respect of this lease during the year ended 30 June 2020. The impact on profit or loss in the year ended 30 June 2020 was to decrease occupancy expenses by $110,800; increase depreciation by $121,754; and increase finance interest expense by $7,680.

Under AASB 117, all lease payments on operating leases are presented as part of cash flows from operating activities. During the year ended 30 June 2020, the impact of the changes under AASB 16 reduced the cash used in operating activities by $100,189 and decreased net cash generated from financing activities by the same amount.

Other pronouncements adopted for the first time in the current year

In the current year, the Group has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for an annual period that begins on or after 1 July 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

5. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT.)

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 17 *Insurance Contracts – amendment to AASB 17*	1 January 2023
AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments* to AASB 10 and AASB 128 and AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2022 (Editorial corrections in AASB 2017-5 apply from 1 January 2018)
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	1 January 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020
AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	1 January 2020
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2022
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*	1 June 2020
In addition, at the date of authorisation of the financial statements the following IASB Standards and IFRS Interpretations Committee Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued:	
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Defers the application of IFRS 9 to 1 January 2023 (eligible insurers only)

The new and revised Accounting Standards, Interpretations and amendments listed above are not expected to have a material impact on the amounts recognised or disclosures included in the Group's financial statements.

Notes to the Consolidated Financial Statements (Cont.)

6. SEGMENT INFORMATION

The Group operates in one industry and one geographical area, those being the biotechnology and healthcare industry and Australia, respectively.

The Group is focused primarily on developing a novel therapy for the treatment of highly prevalent and progressive retinal diseases.

The chief executive officer regularly reviews entity wide information that is compliant with Australian Accounting Standards. There is only one segment for segment reporting purposes, and the information reviewed by the chief executive officer for the purpose of resources allocation and performance assessment is the same as the information presented in the consolidated financial statements.

The Group's only revenue stream in the current financial year is royalty income generated from licenses granted in respect of the Group's intellectual property that are unrelated to the Group's core business and the development of OPT-302 and that are not under development. These licenses are primarily used by third-party licensees for research purposes. All of the royalty income of $87,075 (2019: $159,064) was generated from customers based outside Australia. The Group does not have any major customers. All property, plant and equipment is located in Australia.

7. REVENUE

	2020 $	2019 $
Sales based royalties	87,075	159,064
Total revenue	**87,075**	**159,064**

8. OTHER INCOME

	2020 $	2019 $
Finance income	721,330	755,776
Grant income	62,500	77,745
Other	–	3,300
Total other income	**783,830**	**836,821**

9. RESEARCH AND DEVELOPMENT EXPENSES

	2020 $	2019 $
Research project costs [1]	17,954,073	31,347,891
Total research and development expenses	**17,954,073**	**31,347,891**

1 The research project costs relate to the research programs in respect to the treatment of eye diseases by OPT-302.

10. EXPENSES

	2020 $	2019 $
(a) Administrative expenses		
Employee benefits expenses:		
Salaries and fees	2,124,792	2,020,795
Cash bonuses	288,811	414,423
Superannuation	210,383	217,592
Share-based payments expense	1,078,481	967,511
Total employee benefits expense	**3,702,467**	**3,620,321**
Other expenses:		
Insurance	500,953	377,181
Investor relations costs	379,255	411,181
Audit and accounting	330,318	138,156
Travel expenses	66,420	84,103
Payroll tax	201,172	87,247
Legal fees	555,622	22,464
Advisory fees	620,745	–
Other expenses	498,680	401,009
Total other expenses	**3,153,165**	**1,521,341**
Depreciation of:		
Equipment and furniture	21,754	19,898
Leasehold improvements	513	13,195
Right-of-use asset	121,754	–
Total depreciation expense	**144,021**	**33,093**
Loss on disposal of non-current assets	1,854	–
Total administrative expenses	**7,001,507**	**5,174,755**
(b) Occupancy expenses		
Operating lease rentals	–	78,883
Short term and low value lease expenses	2,239	–
Lease incidental costs	31,607	30,021
Total occupancy expense	**33,846**	**108,904**

Notes to the Consolidated Financial Statements (Cont.)

11. INCOME TAX

	2020 $	2019 $
(a) Income tax benefit		
The major components of income tax benefit are:		
Statement of Profit or Loss and Other Comprehensive Income		
Current tax		
Current income tax credit	8,533,123	14,636,973
	8,533,123	14,636,973
Deferred tax		
In respect of the current year	–	–
Total income tax benefit recognised in the Statement of Comprehensive Income	**8,533,123**	**14,636,973**
(b) Current tax receivable		
Research and Development Tax Incentive Credit receivable	**8,533,123**	**14,636,973**

(c) Numerical reconciliation between aggregate income tax benefit recognised in the Statement of Profit of Loss and Other Comprehensive Income and benefit calculated per the statutory income tax rate

A reconciliation between income tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	2020 $	2019 $
Accounting loss before tax	(25,062,404)	(35,547,034)
At the Company's statutory income tax rate of 27.5%	6,892,161	9,775,434
R&D tax incentive on eligible expenses	8,533,123	14,636,973
Non-deductible R&D expenditure	(5,394,503)	(9,261,833)
Other non-deductible expenses – share-based payment expense	(296,582)	(266,066)
Other tax-deductible expenditure	243,756	304,828
Amount of temporary differences and carried forward tax losses not recognised	(1,444,832)	(552,363)
Income tax benefit reported in the Statement of Profit or Loss and Other Comprehensive Income	**8,533,123**	**14,636,973**

11. INCOME TAX (CONT.)

	2020 $	2019 $
(d) Recognised deferred tax assets and liabilities in statement of financial position		
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities:		
Interest and royalty income receivable (future assessable income)	(103,135)	(56,114)
	(103,135)	**(56,114)**
Deferred tax assets related to temporary differences:		
Accrued expenses and other liabilities	441,162	151,821
Employee provisions	187,311	154,933
Other miscellaneous items	546,964	276,942
	1,175,437	**583,696**
Less: temporary differences not recognised	(1,072,302)	(527,582)
Net deferred tax recognised in the statement of financial position	–	–

(e) Unrecognised temporary differences

Temporary differences with respect to deferred tax assets associated with intellectual property and other miscellaneous items which have a low probability of realisation are unrecognised. These amounted to $1,072,302 at year end (2019: $527,582).

(f) Carry forward unrecognised tax losses

The Group had income tax losses of $17,287,687 and capital losses of $877,704 at year end (2019: income tax losses of $15,819,190 and capital losses of $877,704) for which no deferred tax asset is recognised on the statement of financial position as they are currently not considered probable of realisation. These tax losses are available indefinitely for offset against future assessable income subject to continuing to meet relevant statutory tests.

(g) Franking credit balance

The franking account balance at the end of the financial year at 30% is $330,630 (2019: $330,630), which represents the amount of franking credits available for the subsequent financial year.

Notes to the Consolidated Financial Statements (Cont.)

12. EARNINGS PER SHARE

	2020 $	2019 $
The following reflects the income used in the basic and diluted earnings per share computations:		
(a) Earnings used in calculating earnings per share		
Net loss attributable to ordinary equity holders of the parent	(16,529,281)	(20,910,061)
(b) Weighted average number of shares		
Weighted average number of ordinary shares on issue for basic earnings per share	260,795,745	232,795,371
Effect of dilution:		
Share options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**260,795,745**	**232,795,371**
Loss per share (basic and diluted in cents)	**6.34**	**8.98**

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of this financial report.

Diluted earnings per share is calculated as net loss divided by the weighted average number of ordinary shares and dilutive potential ordinary shares. Options granted under the Long Term Incentive (LTIP) and Non-Executive Director Share and Option (NED Plan) plans would generally be included in the calculation due to the conditions of the issuance being satisfied. As the Group is in a loss position, the options are anti-dilutive and, accordingly, the basic loss per share is the same as the diluted loss per share.

A total number of 18,044,000 options outstanding 30 June 2020 were anti-dilutive and were therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share. These options related to the following option plans:

	2020 $	2019 $
NED Plan	6,000,000	6,000,000
LTIP	12,044,000	12,919,000
	18,044,000	**18,919,000**

All 18,044,000 outstanding options at 30 June 2020 were exercisable as of that date (2019: 9,905,000).

13. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and in hand	3,020,382	1,034,919
Short-term deposits	59,000,000	20,500,000
Total cash and cash equivalents	**62,020,382**	**21,534,919**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

Short term-deposits are with two major Australian banks and are made for varying periods of between 30 and 90 days, depending on the immediate cash requirements of the Group, and earn interest at a fixed rate for the respective short-term deposit periods. At year end, the average rate was 1.01% (2019: 2.36%).

14. CURRENT ASSETS – RECEIVABLES

	2020 $	2019 $
Interest receivable	81,478	102,162
GST receivable [1]	152,866	91,736
Royalties receivable [1]	50,047	101,888
Total current receivables	**284,391**	**295,786**

1 The GST and Royalties receivables are non-interest bearing. There were no receivables with a material expected credit loss recorded during the financial year (2019: nil).

15. NON-CURRENT ASSETS – INVESTMENTS IN FINANCIAL ASSETS

	2020 $	2019 $
Listed Australian shares – at fair value [1]	289,980	714,118

Details of listed Australian shares

Listed investments	Ownership interest	Fair value at 30 June [2]	Disposal in the financial year [3]	Fair value gain/(loss) recognised in OCI [4]	Opening fair value
2020					
Non-current investments:					
Antisense Therapeutics Ltd	–	–	(482,978)	249,399	233,579
Optiscan Imaging Limited	1.73%	289,980	–	(190,559)	480,539
Total listed investments		**289,980**	**(482,978)**	**58,840**	**714,118**
2019					
Non-current investments:					
Antisense Therapeutics Ltd	1.24%	233,579	(339,047)	317,860	254,766
Optiscan Imaging Limited	1.76%	480,539	–	(57,996)	538,535
Total listed investments		**714,118**	**(339,047)**	**259,864**	**793,301**

1 These financial assets are investments in equity instruments and are not held for trading, they are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments in equity instruments as at FVTOCI as recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

2 The fair value represents the share (bid) price at year end and does not include any capital gains tax or selling costs that may be applicable on the disposal of these investments.

These non-current investments in listed shares consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

3 During the year ended 30 June 2019, 49% of the Group's investment in Antisense Therapeutics Ltd (ANP) was sold for net proceeds of $339,047. As a result, $214,046 of the previously unrealised net fair value gains recorded in the fair value of investments reserve was realised at this date. Subsequently, during the year ended 30 June 2020, the Group disposed of its remaining investment in ANP for net proceeds of $482,978. As a result, $249,399 of the previously unrealised net fair value gains recorded in the fair value of investments reserve was realised at this date. In accordance with the Group's accounting policy, the realised gain remains within the fair value of investments reserve. The fair value of the investment in ANP at the disposal date was A$482,978. The Group disposed of the investment in line with its Treasury and Investments Policy.

4 A fair value increase of $58,840 (2019: $259,864) in the carrying value of investments has been made through other comprehensive income in the year due to a net increase in their market value in the year.

Notes to the Consolidated Financial Statements (Cont.)

16. RIGHT-OF-USE ASSETS

Right of use asset

The Group has a three-year lease contract for its head office premises in Melbourne, Australia which commenced on 15 July 2019. The agreement does not contain any extension options. The carrying amount of the lease at 30 June 2020 is as follows:

	2020 $	2019 $
Right-of-Use Asset Cost		
Opening balance as at 1 July	–	–
Additions	365,264	–
	365,264	–
Right-of-Use Asset Depreciation		
Opening balance as at 1 July	–	–
Charge for the period	(121,754)	–
	(121,754)	–
Net carrying amount at 30 June	**243,510**	**–**

Lease liabilities

Lease liabilities are as indicated below.

At the commencement date of the lease of its office premises, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term ending on 14 July 2022, using an incremental borrowing rate of 3%

	2020 $	2019 $
Carrying amount at 1 July	–	–
New lease	365,264	–
Payments	(100,189)	–
Carrying amount at 30 June	**265,076**	–
Maturity analysis:		
Year 1	152,723	–
Year 2	127,713	–
	280,436	–
Less: unearned interest	(15,360)	–
	265,076	–
Analysed into:		
Current portion	145,043	**–**
Non-current portion	120,033	–
	265,076	–

Amounts recognised in profit or loss:		
Depreciation expense on right-of-use asset	121,754	–
Lease finance costs	7,680	–
Expense relating to leases of low value assets	9,669	–
	139,103	**–**

The Group did not have any short-term leases during the year ended 30 June 2020.

17. CURRENT LIABILITIES – PAYABLES

	2020 $	2019 $
Creditors (unsecured)[1]	5,838,114	5,895,925
PAYG tax liability	56,919	56,017
Total current payables	**5,895,033**	**5,951,942**

1 Creditors are non-interest bearing and are normally settled on 30 day terms.

18. CURRENT LIABILITIES – PROVISIONS

	2020 $	2019 $
Annual leave	403,479	320,132
Long service leave	237,455	218,415
Total current provisions	**640,934**	**538,547**

19. NON-CURRENT LIABILITIES – PROVISIONS

	2020 $	2019 $
Long service leave	**40,197**	**24,844**

20. CONTRIBUTED EQUITY

	2020 $	2019 $
(a) Ordinary shares		
Issued and fully paid at 30 June	162,102,553	113,021,993
Movement in ordinary shares:		
Opening balance	113,021,993	98,403,149
Issue of shares in a private placement	48,660,560	–
Issue of shares on exercise of options granted under the LTIP	420,000	–
Issue of shares on exercise of quoted options	–	12,629,777
Transfer from option reserve	–	1,989,067
	162,102,553	**113,021,993**

Ordinary shares on issue:	**No:**	**No:**
Opening balance	249,414,839	202,637,888
Issue of shares in a private placement	18,867,930	–
Issue of shares on exercise of options granted under the LTIP	875,000	–
Issue of shares on exercise of quoted options	–	46,776,951
	269,157,769	**249,414,839**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Notes to the Consolidated Financial Statements (Cont.)

20. CONTRIBUTED EQUITY (CONT.)

Issued capital at 30 June 2020 amounted to $162,102,553 (269,157,769 fully paid ordinary shares) net of share issue costs and tax. During the year ended 30 June 2020 the Company issued 18,867,930 ordinary shares in a private placement for net proceeds of $48,660,560. At 30 June 2020, the company had no quoted options on issue, all options had been exercised or expired by 25 November 2018. The fair value of the options at their issue date of $1,989,067, originally recognised in the options reserve (note 21), was transferred to contributed equity during the year ended 30 June 2019.

Options granted to directors and employees

The company has two share based-payment schemes, the Long Term Incentive Plan (LTIP) and Non-Executive Director Share and Option Plan. Options to subscribe for the Company's shares have been granted under these plans to certain employees and directors. The company granted 8,844,000 options over ordinary shares under these plans during the year ended 30 June 2019 (note 28). These options had a weighted average fair value at their grant date of $0.22 per option. During the year 875,000 options granted under the LTIP were exercised for $420,000. No options were granted under the Plans during the year ended 30 June 2020.

(b) Capital management

The Group is not subject to any externally imposed capital requirements. When managing share capital, management's objective is to ensure the entity continues as a going concern as well as to provide benefits to shareholders and for other stakeholders. In order to maintain or achieve an appropriate capital structure, the Company may issue new shares or reduce its share capital, subject to the provisions of the Company's constitution. The Group only commits to significant R&D expenditure when this is fully funded either by existing funds or further equity raises.

21. ACCUMULATED LOSSES AND RESERVES

	2020 $	2019 $
(a) Movements in accumulated losses were as follows:		
Balance at 1 July	(86,060,060)	(65,149,999)
Net loss for the period	(16,529,281)	(20,910,061)
Balance at 30 June	**(102,589,341)**	**(86,060,060)**
(b) Reserves		
Fair value of investments reserve (i)	796,095	737,255
Share-based payments reserve (ii)	4,498,830	3,420,349
Option reserve (iii)	–	–
Total reserves	**5,294,925**	**4,157,604**
(i) Movement in fair value of investments reserve:		
Opening balance	737,255	477,391
Fair value gains on investments in financial assets	58,840	259,864
Closing balance	796,095	737,255
(ii) Movement in share-based payments reserve:		
Opening balance	3,420,349	2,452,838
Share based payments expense	1,078,481	967,511
Closing balance	4,498,830	3,420,349
(iii) Movement in option reserve:		
Opening balance	–	1,989,067
Transferred to contributed equity	–	(1,989,067)
Closing balance	–	–

21. ACCUMULATED LOSSES AND RESERVES (CONT.)

(c) Nature and purpose of reserves

Fair value of investments reserve

This reserve records fair value changes on listed investments.

Share-based payment reserve

This reserve is used to record the value of equity benefits provided to executives and employees as part of their remuneration.

Option reserve

On 25 November 2014 the company issued options to purchase 49,726,672 ordinary shares with an exercise price of $0.27 expiring on 25 November 2018. The fair value of the options at their issue date of $1,989,067 was recognised in the option reserve. The same amount, $1,989,067, was transferred to contributed equity on 25 November 2018 following the exercise and expiry of all quoted options. The balance on the option reserve at 30 June 2020 was nil (2019: nil).

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial assets comprise cash, receivables, short-term deposits and investments in listed shares.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management practices. The objective is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group's other various financial assets and liabilities, such as receivables and payables, arise directly from its operations. The main risks arising from the Group's financial assets and liabilities are interest rate risk, foreign currency risk, equity securities price risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates. Liquidity risk is monitored through future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Risk exposures and responses

The Group has investigated the main financial risk areas which could impact on its financial assets and determined the impact on post tax (losses) or profits for a range of sensitivities. These can be seen in the post tax (loss)/profit impact for each risk area.

For each risk area, the equity impact relates solely to reserve movements and excludes movements in accumulated losses as the impact of these can be seen within the post tax (loss)/profit impact.

(i) Interest rate risk

The Group's exposure to market interest rates relates primarily to the short-term deposits. The deposits are held with two of Australia's largest banks.

The objective of managing interest rate risk is to minimise the Group's exposure to fluctuations in interest rates that might impact its interest income and cash flow. To manage interest rate risk, the Group invests the majority of its cash in short-term deposits for varying periods of between 30 days and 90 days, depending on the short and long-term cash requirements of the Group which is determined based on the Group's cash flow forecast. This consideration also takes into account the costs associated with recalling a term deposit should early access to cash and cash equivalents be required. Cash is not locked into long-term deposits at fixed rates so as to mitigate the risk of earning interest below the current floating rate.

The Group does not have any borrowings (2019: nil).

Notes to the Consolidated Financial Statements (Cont.)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The following sensitivity analysis (an annual effect) is based on the interest rate risk exposures at 30 June 2020.

At 30 June 2020, if interest rates moved, with all variables held constant, post tax (loss)/profit and equity would have been affected as illustrated in the following table:

	Post tax (loss)/profit impact		Cost of investment	
Judgements of reasonably possible movements	**2020 $**	**2019 $**	**2020 $**	**2019 $**
+ 0.50% (50 basis points) (2019: + 0.50%)	206,700	71,903	–	–
– 0.50% (50 basis points) (2019: – 0.50%)	(206,700)	(71,903)	–	–

The post tax figures include an offset for unrecognised tax losses (bringing the tax effect to nil) for the year ended 30 June 2020 (2019: Nil).

Significant assumptions used in the interest rate sensitivity analysis include:

/ The reasonably possible movement of 0.5% was calculated by taking the interest rates as at balance date, moving these by plus and minus 0.5% and then re-calculating the interest on term deposits with the 'new-interest-rate'.

/ The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

(ii) Price risk

The Group's investment in listed shares is exposed to equity securities price risk and as such their fair values are exposed to fluctuations as a result of changes in market prices.

Equity price risk is the risk that the fair value of equities will decrease as a result of share price movements. The Group's equity investments are publicly traded on the ASX and are designated and accounted for as investments in financial assets.

The investments in listed shares are not held for short-term trading. Their values are reviewed regularly by management and the board. The strategy for realising any part of these investments is determined based on the liquidity of the respective stocks, potential off-market acquirers and likely developments in their values based on publicly available information.

At 30 June 2020, had the share price moved with all other variables held constant, post tax (loss)/profit and equity would have been affected as illustrated in the table below:

	Impact of loss after tax	Impact on equity after tax	Impact of loss after tax	Impact on equity after tax
Judgements of reasonably possible movements	**2020 $**	**2020 $**	**2019 $**	**2019 $**
Change in variables				
10% increase in listed share price	20,299	20,299	49,988	49,988
10% decrease in listed share price	(20,299)	(20,299)	(49,988)	(49,988)

(iii) Foreign currency risk

As a result of services provided by non-related entities in the United States, Canada, United Kingdom and Europe, part of the Group's financial assets and liabilities are affected by movements in the exchange rate.

The Group does not enter into any hedging transactions.

At the reporting date, the Group has the following exposure to foreign currencies:

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

2020	Consolidated USD 2020 $	Consolidated EURO 2020 $	Consolidated GBP 2020 $	Consolidated CAD 2020 $
Financial assets				
Cash	61,680	–	–	–
Receivables	37,547	–	–	–
Financial liabilities				
Payables	(4,878,718)	(14,887)	(34,144)	–
Other financial liabilities	(237,820)	–	–	–
Net exposure	**(5,017,313)**	**(14,887)**	**(34,144)**	–

2019	Consolidated USD 2019 $	Consolidated EURO 2019 $	Consolidated GBP 2019 $	Consolidated CAD 2019 $
Financial assets				
Cash	551,719	–	–	–
Receivables	101,888	–	–	–
Financial liabilities				
Payables	(5,109,497)	–	(51,269)	(4,351)
Other financial liabilities	(25,592)	–	–	–
Net exposure	**(4,481,482)**	**–**	**(51,269)**	**(4,351)**

The following sensitivity is based on the foreign currency risk exposures in existence at 30 June 2020.

At 30 June 2020, had the Australian dollar moved with all other variables held constant, post tax (loss) profit and equity would have been affected as illustrated in the table below:

Judgements of reasonably possible movements	Post tax (loss)/profit impact 2020 $	Post tax (loss)/profit impact 2019 $	Cost of investment 2020 $	Cost of investment 2019 $
Consolidated				
AUD/USD +10% (2019: +10%)	319,284	285,185		–
AUD/USD –10%	(390,235)	(348,560)		–

The reasonably possible movements at 30 June 2020 are higher than at 30 June 2019 due mainly to the higher net exposure to the US dollar. There was minimum or insignificant exposure to the GBP, Euro and CAD during the current financial year.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

The reasonably possible movement of 10% was calculated by taking the currency spot rates as at balance date, moving these by 10% and then re-converting the currencies into AUD with the 'new-spot-rate'. This methodology reflects the translation methodology undertaken by the Group.

Notes to the Consolidated Financial Statements (Cont.)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

(iv) Credit risk

Credit risk is associated with those financial assets of the Group which comprise cash and cash equivalents, receivables and listed investments. The Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these investments. Credit risk is considered minimal as the Group transacts with reputable recognised Australian banks.

(v) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due. The Group has minimal liquidity risk because of the high balances of cash and cash equivalents; however the Group manages liquidity risk by maintaining adequate reserves and by monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The financial liabilities of the Group relate to trade payables that are all expected to be paid within 12 months.

The Group's objective is to maintain an appropriate cash asset balance to fund its operations.

(vi) Fair value

The Group has investments in listed equities which are calculated using the quoted prices in an active market and are considered level 1 fair value measurements. The Group does not have any derivative investments where the fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (i.e. derived from prices). The Group also does not hold any financial instruments where fair value measurement uses observable inputs that require significant adjustments based on observable inputs to estimate its value.

Details of the fair value of the investment in financial assets are disclosed in note 15 of the financial statements.

The fair value of financial assets and financial liabilities in the consolidated statement of financial position at 30 June 2020 and 2019 is the same as their carrying amounts.

The methods for estimating fair value are also outlined in the relevant notes to the financial statements.

23. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Opthea Limited and the subsidiary in the following table:

	Parent entity % equity interest	
Name of company	2020 %	2019 %
Vegenics Pty Ltd [1]	100	100

1 Opthea Limited is the ultimate parent entity. Vegenics Pty Ltd is incorporated in Australia and has the same financial year as Opthea Limited.

(b) Transactions with related parties

Balances and transactions between the Company and its subsidiary, a related party of the Company, have been eliminated on consolidation and are not disclosed in this note.

24. CASH FLOW STATEMENT RECONCILIATION

(a) Reconciliation to cash at the end of the year

	2020 $	2019 $
Cash at bank and in hand (note 13)	62,020,382	21,534,919
	62,020,382	**21,534,919**

(b) Reconciliation of net loss after tax to net cash flows from operations		
Net loss for the year	(16,529,281)	(20,910,061)
Adjustments for:		
Income tax benefit recognised in profit or loss	(8,533,123)	(14,636,973)
Depreciation of non-current assets	22,267	33,093
Net loss on disposal of non-current assets	1,854	–
Depreciation of right-of-use asset	121,754	–
Share-based payments	1,078,481	967,511
Net exchange differences	400,608	(259,092)
	(6,908,159)	(13,895,461)
Changes in:		
Payables	(56,907)	(1,427,978)
Receivables	11,395	97,946
Prepayments	(54,029)	(132,346)
Provisions	117,740	65,497
Net cash flows used in operating activities before tax	(23,419,241)	(36,202,403)
R&D tax incentive received	14,636,973	12,017,247
Net cash flows used in operating activities	**(8,782,268)**	**(24,185,156)**

(c) Reconciliation of borrowings arising from financing activities		
Balance at 1 July	–	–
Non-cash addition [1]	365,265	–
Payment of lease liabilities	(100,189)	–
Balance at 30 June	**265,076**	–

1 Non-cash addition represents the new lease on the Company's office premises in Melbourne, Australia that commenced on 15 July 2019.

Notes to the Consolidated Financial Statements (Cont.)

25. COMMITMENTS

(i) Lease commitments – Group as lessee

Lease commitments are in respect of low value leases which have not been recognised in the Statement of Financial Position. These leases are expensed on a straight-line basis over the term of the lease.

	2020 $	2019 $
Within one year	6,540	7,029
After one year but not more than five years	16,895	–
	23,435	**7,029**

(ii) Research projects and license commitments

The Group has entered into research and development contracts and intellectual property license agreements with various third parties in respect of services for the Phase 2a DME clinical trial and the clinical grade manufacture of OPT-302. Expenditure commitments relating to these and intellectual property license agreements are payable as follows:

	2020 $	2019 $
Within one year	11,139,196	7,776,947
After one year but not more than five years	427,248	85,446
After more than five years	109,061	128,169
	11,675,505	**7,990,562**

26. CONTINGENCIES

The Group is party to various research agreements with respect to which a commitment to pay is contingent on the achievement of research milestones. Assuming all milestones are achieved within the timeframes stipulated in the contracts, those which could become payable in less than one year total $382,790 (2019: $364,563) and those which could become payable in more than one year total $16,749,885 (2019: $16,363,559).

Under these license/collaboration agreements, payments are to be made only if certain research and clinical development milestones are achieved and royalties may become payable on any eventual sales of products developed under these agreements.

The group had a bank guarantee outstanding at 30 June 2020 in respect of a rental deposit for its office premises of $57,281 (2019: $43,841).

27. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	2020 $	2019 $
Short-term employee benefits	1,011,460	1,002,359
Post employment benefits	96,089	95,225
Share-based payments expense	619,325	752,306
Total compensation	**1,726,874**	**1,849,890**

Details of the key management personnel are included within the Remuneration Report section of the Directors' Report.

27. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Other transactions and balances with director and key management personnel and their related parties

There were no director and key management personnel related party transactions during the current or prior financial year.

28. SHARE-BASED PAYMENTS

(a) Recognised share based payment expenses

The expense recognised for share-based payments during the year is shown in the table below:

	2020 $	2019 $
Expense arising from equity-settled share-based payment transactions:		
Director and employee services received	1,078,481	967,511

(b) Non-executive director and employee share option plans

During the 2015 financial year, the Group introduced an ownership-based compensation scheme for non-executive directors, executives and senior employees, the Long Term Incentive Plan (LTIP) and Non-Executive Directors Share and Option Plan (NED Plan). In accordance with the terms of the plans, as approved by shareholders at the 2014 annual general meeting, eligible non-executive directors, executives and senior employees with the Group may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of Opthea Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights and are not transferable. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is subject to approval by the board and rewards executives and senior employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria as determined by the board on a case by case basis.

The vesting condition of options granted under the LTIP and NED Plan is continuous service.

Options/Rights series	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
LTIP – director	7 March 2016	$0.19	$0.48	7 March 2021	30 June 2016
LTIP – director FY2019	29 November 2018	$0.20	$0.855	29 November 2022	29 November 2019
LTIP – employees	31 March 2016	$0.24	$0.48	1 January 2022	1 January 2017
LTIP – employees FY2018	23 August 2017	$0.33	$1.16	1 January 2023	30 June 2018
LTIP – employees FY2019	3 April 2019	$0.26	$0.855	3 April 2023	3 April 2020
NED Plan	7 March 2016	$0.19	$0.48	7 March 2021	30 June 2016
NED Plan FY2019	29 November 2018	$0.20	$0.855	29 November 2022	29 November 2019

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

(c) Fair value of share options granted

Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 4 or 5 years.

Notes to the Consolidated Financial Statements (Cont.)

28. SHARE-BASED PAYMENTS (CONT.)

	Grant date share price	Exercise price	Fair value per option	Expected volatility	Option life	Dividend yield	Risk free interest rate	Model used
LTIP – director	$0.38	$0.48	$0.19	65%	5 years	0%	2.09%	Binomial
LTIP – director FY2019	$0.57	$0.855	$0.20	58%	4 years	0%	2.04%	Binomial
LTIP – employees	$0.70	$0.48	$0.24	65%	5 years	0%	2.09%	Binomial
LTIP – employees FY2018	$0.43	$1.16	$0.32	66%	5 years	0%	2.09%	Binomial
LTIP – employees FY2019	$0.67	$0.855	$0.26	57%	4 years	0%	2.04%	Binomial
NED Plan	$0.38	$0.48	$0.19	65%	5 years	0%	2.09%	Binomial
NED Plan FY2019	$0.57	$0.855	$0.20	58%	4 years	0%	2.04%	Binomial

(d) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	30 June 2020		30 June 2019	
	Number of options and rights	Weighted average exercise price $	Number of options and rights	Weighted average exercise price $
Balance at beginning of year	18,919,000	0.67	10,075,000	0.46
Granted during the year:				
To employees and directors under the LTIP and NED Plan	–	–	8,844,000	0.855
Exercised during the year	(875,000)	0.48	–	–
Expired during the year	–	–	–	–
Balance at end of year	18,044,000	0.68	18,919,000	0.67
Exercisable at end of year	18,044,000	0.68	9,905,000	0.50

The share options outstanding at the end of the year had a weighted average exercise price of $0.68 (2019: $0.67) and a weighted average remaining contractual life of 626 days (2019: 716 days).

29. NET TANGIBLE ASSET BACKING

	2020 $	2019 $
Net tangible asset backing per ordinary security	0.24	0.12

30. AUDITORS' REMUNERATION

The auditor of Opthea Limited is Deloitte Touche Tohmatsu.

	2020 $	2019 $
Amounts received or due and receivable by Deloitte (Australia) and related network firms for:		
Audit or review of the financial report of the entity and any other entity in the consolidated group	615,000	84,565
Other services in relation to the consolidated group	–	–
	615,000	**84,565**

31. EVENTS AFTER THE BALANCE SHEET DATE

On 21 August 2020, the Company announced it had completed End-of-Phase 2 meetings with the US Food and Drug Administration and a Scientic Advice meeting with the European Medicines Agency to obtain guidance on the Company's Phase 3 clinical development plans. The outcome of the meetings support the progression of OPT-302 into Phase 3 and pre-commercial development.

The Company announced on 24 August 2020, it is planning to conduct a potential initial public offering of American Depository Shares (ADSs) in the U.S. representing Opthea's ordinary shares, which will remain listed on the ASX, and concurrent listing of the ADSs on Nasdaq. Any offering and listing of ADSs on Nasdaq would be intended to support Opthea's product development activities, including its previously announced Phase 3 trials of OPT-302 for the treatment of wet AMD.

Except for the above events, no other matters or circumstances have arisen since the end of the reporting period, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

32. PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 3 for significant accounting policies relating to the Group.

(a) Financial position

	2020 $	2019 $
Current assets	71,126,092	36,279,568
Non-current assets	570,670	768,181
Total assets	**71,696,762**	**37,047,749**
Current liabilities	(6,767,222)	(6,368,040)
Non-current liabilities	(160,229)	(24,844)
Total liabilities	**(6,927,451)**	**(6,392,884)**
Net assets	**64,769,311**	**30,654,865**
Issued capital	162,102,553	113,021,993
Accumulated losses	(102,628,167)	(86,524,732)
Option reserve	–	–
Employee equity benefits reserve	4,498,830	3,420,349
Fair value of investments reserve	796,095	737,255
Total shareholders' equity	**64,769,311**	**30,654,865**

Notes to the Consolidated Financial Statements (Cont.)

32. PARENT ENTITY INFORMATION (CONT.)

(b) Financial performance

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Loss of the parent entity	(16,103,435)	(20,820,825)
Other comprehensive income	58,840	259,864
Total comprehensive loss of the parent entity	**(16,044,595)**	**(20,560,961)**

(c) Parent entity contractual commitments for acquisition of property, plant and equipment

The parent entity does not have any contractual commitments for the acquisition of property, plant and equipment for the year ended 30 June 2020 (2019: Nil).

(d) Parent entity contingent liabilities

The Company is party to various research agreements with respect to which a commitment to pay is contingent on the achievement of research milestones. Assuming all milestones are achieved within the timeframes stipulated in the contracts, those which could become payable in less than one year total $382,790 (2019: $364,563) and those which could become payable in more than one year total $1,492,880 (2019: $1,421,797).

Under these license/collaboration agreements, payments are to be made only if certain research and clinical development milestones are achieved and royalties may become payable on any eventual sales of products developed under these agreements.

The parent entity had a bank guarantee outstanding at 30 June 2020 in respect of a rental deposit for its office premises of $57,281 (2019: $43,841).

Directors' Declaration for the year ended 30 June 2020

In accordance with a resolution of the directors of Opthea Limited, we state that:

1. In the opinion of the directors:
   (a) the financial report and the notes thereto are 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 2020 and of its performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards, Corporations Regulations 2001, and International Financial Reporting Standards (IFRS) as disclosed in note 3 of the financial statements; and
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the directors made pursuant to S.295(5) of the *Corporations Act 2001*. On behalf of the directors:

Megan Baldwin
CEO & Managing Director
Opthea Limited

Geoffrey Kempler
Chairman
Opthea Limited

Melbourne
28 August 2020

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Opthea Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Opthea Limited (the "Company") and its subsidiary (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion 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 2020 and of its financial performance for the year then ended; 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence Standards)* (the Code) that are relevant to our audit of the 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 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.

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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Research & Development Tax Incentive The Group operates in the biotechnology market and is in the clinical research stage of developing a molecule asset, OPT-302, for eye diseases. The Group claims Research & Development tax incentives ("R&D tax incentives") provided by the Australian Government as disclosed in Note 4.1. For the year ended 30 June 2020, the Group has recognised an R&D tax incentive receivable of $8.5 million within the consolidated statement of financial position, with a corresponding amount recognised within income tax benefit within the consolidated statement of profit or loss and other comprehensive income. Management exercises significant judgement in respect of R&D tax incentives claimed by the Group including: • Determining the accounting policy used in accounting for the R&D tax incentive. • Assessing the eligibility of R&D activities and costs attributed to those eligible R&D activities against the rules and regulations governing the R&D tax incentive. • Determining the estimated amounts, timing and geographical location of future costs related to the projects for which R&D incentive applications have been approved to date.	Our procedures included, but were not limited to: • Assessing the design and implementation of key controls in relation to R&D expenditure and the preparation and review of the R&D tax incentive calculation. • Assessing the accounting policy adopted by the Group to account for the R&D tax incentive. In conjunction with our R&D tax specialists we: • Obtained an understanding of the rules and regulations governing R&D tax incentives and the basis used by the Group to recognise the incentive. • Held meetings with the Group's external R&D tax advisors to understand the process for the preparation and review of the R&D tax incentive submissions. • Reviewed management's documentation addressing how the Group's R&D activities satisfy the eligibility criteria outlined in the rules and regulations governing the R&D tax incentives. • On a sample basis, tested R&D expenses to supporting documentation. • Tested on a sample basis, management's apportionment of costs to these R&D activities and whether the underlying methodology used for the apportionment is consistent with the rules and regulations governing the tax incentive. • Assessed management's R&D project forecasts for eligible activities, including assessing the estimated amounts, timing and geographical location of future costs. We also assessed the appropriateness of the disclosures in Note 3, 4.1 and 11 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Independent Auditor's Report (Cont.)

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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 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Opthea Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Opthea Limited 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vincent Snijders
Partner
Chartered Accountants
Perth, 28 August 2020

ASX Additional Information

1. DISTRIBUTION OF EQUITY SECURITIES

The number of shareholders, by size of holding, of quoted fully paid ordinary shares as at 24 July 2020 is as follows:

	Fully paid ordinary shares	
Category	No. of holders	No. of shares
1 – 1000	2,859	1,521,817
1,001 – 5,000	2,680	6,933,272
5,001 – 10,000	722	5,524,301
10,001 – 100,000	734	19,548,347
100,001 and Over	103	235,630,032
Total	**7,098**	**269,157,769**
Number of shareholders holding less than a marketable parcel of shares	349	41,971

2. TWENTY LARGEST SHAREHOLDERS

The names of the 20 largest holders of quoted fully paid ordinary shares and their respective holdings at 24 July 2020 are:

Rank	Name	No. of shares	% interest
1	CITICORP NOMINEES PTY LIMITED	53,144,712	19.74%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	29,682,673	11.03%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	24,030,161	8.93%
4	JAGEN PTY LTD	13,520,540	5.02%
5	ARMADA TRADING PTY LIMITED	13,332,031	4.95%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,180,132	4.90%
7	NATIONAL NOMINEES LIMITED	10,706,431	3.98%
8	BNP PARIBAS NOMS PTY LTD <DRP>	9,821,245	3.65%
9	UBS NOMINEES PTY LTD	8,146,658	3.03%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	7,741,513	2.88%
11	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	6,851,786	2.55%
12	MRS MARGARET LYNETTE HARVEY	4,000,000	1.49%
13	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,737,539	1.02%
14	LL FAMILY NOMINEES PTY LTD <LAINI LIBERMAN FAMILY A/C>	2,150,538	0.80%
15	JUST GROUP INVESTMENT PTY LTD <JUST GROUP INVESTMENT A/C>	2,123,239	0.79%
16	MONTOYA PTY LIMITED	1,877,357	0.70%
17	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,555,260	0.58%
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,315,451	0.49%
19	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	1,227,991	0.46%
20	LGL TRUSTEES LIMITED <MK PENSION PLAN-473278 A/C>	1,219,693	0.45%
	Totals: Top 20 holders of ordinary fully paid shares	**208,364,950**	**77.41%**
	Total remaining holders balance	**60,792,819**	**22.59%**

3. SUBSTANTIAL SHAREHOLDERS

The following information is current at 24 July 2020 based on information extracted from the substantial shareholding notices given to the Company by shareholders who hold relevant interests in more than 5 per cent of the Company's voting shares:

Name	No. of shares
Regal Funds Management Pty Ltd	28,726,324
Baker Brothers Life Sciences LP	26,526,759
Jagen Pty Ltd	18,202,068
Bank of America Corporation and its related bodies corporate	16,349,997
KiFin Limited	16,275,227

4. VOTING RIGHTS

Clauses 44 to 53 of the Company's Constitution stipulate the voting rights of members. In summary, but without prejudice to the provisions of the Constitution, every member present in person or by representative, proxy or attorney shall have one vote for each ordinary share held by the member.

The Company's shares are quoted on the Australian Securities Exchange Limited (ASX code: OPT).

Corporate Information

COMPANY

Opthea Limited
ABN 32 006 340 567

DIRECTORS

Geoffrey Kempler
B.Sc. Grad. Dipp. App. Soc. Psych (Chairman)

Megan Baldwin
PhD MAICD (Managing Director and Chief Executive Officer)

Michael Sistenich
MSc.

Lawrence Gozlan
B.Sc. (Hons)

COMPANY SECRETARY

Mike Tonroe
BSc(Hons) FCA MAICD

REGISTERED OFFICE

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Melbourne, Victoria

AUDITORS

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SOLICITORS

Gilbert and Tobin
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Melbourne, Victoria 3000

SHARE REGISTER

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria 3067

Telephone: +61 (3) 9415 4000 or
1300 850 505 (within Australia)

STOCK EXCHANGE LISTING

Opthea Limited's shares are quoted on the
Australian Securities Exchange Limited ASX (code: OPT).