



ABN 53 075 582 740

BIONOMICS LIMITED

ASX half-year information –
31 December 2020

Lodged with the ASX under Listing Rule 4.2A

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BIONOMICS LIMITED

Half-year ended 31 December 2020

(Previous corresponding period: Half-year ended 31 December 2019)

Results for announcement to the market

				\$
Cash and cash equivalents at 31 December 2020 from 30 June 2020	increased by	25.4%	to	5,739,547
Net operating cash outflows for the period	increased by	972.8%	to	1,313,874
Net investing cash inflows for the period	decreased by	91.1%	to	53,326
Net financing cash inflows (31 December 2019: outflows) for the period	increased by	148.1%	to	2,439,345
Revenue from continuing operations	increased by	1.2%	to	101,507
Loss for the half-year before income tax expense from continuing operations	decreased by	98.3%	to	109,028
Loss for the half-year after income tax expense from discontinued operations	decreased by	100%	to	0
Loss for the half-year after tax	decreased by	99.8%	to	12,735

Explanation of cash and cash equivalents position as at 31 December 2020:

Closing cash and cash equivalents is in line with expectations, with funds raised through share issues and used to continue to progress the BNC210 development, repay borrowings, offset by net funds received from share issues.

Explanation of operating outflows

Net cash outflows from operating activities increased during the period as a result of a decreased in the research and development incentives received, receipts from customers and, payments to suppliers and employees.

Explanation of net financing inflows

Net cash inflows from financing activities increased during the period as a result of net proceeds from share issues received and a decrease in borrowing repayments.

Explanation of revenue from ordinary activities:

Revenue relates to rental.

Explanation of net loss from ordinary activities after tax:

The loss was in line with expectations after taking into account the gain arising from changes in fair value of the contingent consideration liability of \$4,205,824 due to the timing and quantum of expected cash outflow and net realised and unrealised foreign exchange gains of \$1,030,581.

Dividends / distributions:

Bionomics Limited does not propose to pay any dividends for the half-year ended 31 December 2020.

NTA Backing

		<u>Half-year</u>
Net tangible asset backing per ordinary share	1.11 cents	(0.3) cents

BIONOMICS' HALF-YEAR REPORT

- The Company optimised its BNC210 spray dried tablet formulation to increase the amount of BNC210 in each tablet and commenced manufacture of the optimised tablets in preparation for the multiple dosing pharmacokinetic trial in healthy volunteers in early 2021. Bionomics is preparing for a Phase 2 clinical trial in post-traumatic stress disorder (PTSD), projected to commence in mid-2021, using the new solid dose tablet formulation of its lead CNS drug candidate, BNC210, which has been granted Fast Track Designation by the US Food and Drug Administration for the treatment of PTSD and other trauma-related and stress-related disorders.
- Cash position at 31 December 2020 of \$5,739,547.
- Mr Aaron Weaver was appointed as a Non-Executive Director to the Board of Bionomics Limited from 6 July 2020. Mr Weaver is the first nominee of Apeiron Investment Group Ltd (Apeiron) under the Subscription Agreement dated 1 June 2020 between the Company and Apeiron ("Subscription Agreement"). Under that Agreement, Apeiron agreed to subscribe or procure the subscription of, approximately \$20-\$22 million in total funding to progress BNC210 development for the treatment of PTSD. At the General Meeting on 26 August 2020, shareholders approved all five Resolutions under the Subscription Agreement, namely: Resolution 1, Approval for the first placement of 81,500,000 shares to Apeiron (which occurred during June 2020); Resolution 2, Approval for the second placement of 54,333,000 shares to Apeiron which occurred during September 2020 raising \$2,173,320; Resolution 3, Approval for the acquisition of a relevant interest by Apeiron and Christian Angermayer of up to 52%; Resolution 4, Approval for the issue of up to 250,000,000 shares under further offer underwriting arrangements; Resolution 5, Confirmation of the appointment of Mr Aaron Weaver as a Director of the Company; together with two further resolutions awarding Share Options to Dr De Souza and approving an increase of the pool of fees to Non-Executive Directors.
- In accordance with the Subscription Agreement, the Company issued its Retail Entitlement Offer Booklet to Eligible Retail Shareholders to purchase New Shares at an Offer Price of \$0.04 per New Share based on 1 New Share for every 12.54 Existing Shares. Eligible Retail Shareholders also had the opportunity to apply for Additional New Shares up to 100% of their Entitlement. The Retail Entitlement Offer closed at 5.00pm (Adelaide time) on 15 October 2020 and raised \$1,278,943 (before costs). Completion of the Retail Entitlement Offer was the final stage of Bionomics' Entitlement Offer which, together with the institutional component, raised \$2,173,178 before costs.
- Shareholders passed all five resolutions considered before the Annual General Meeting held on 20 November 2020, including the election of new Directors Dr Jane Ryan, replacing Mr Peter Turner who decided not to stand for re-election, and Dr Srinivas Rao, the second Apeiron nominee under the Subscription Agreement.

- The Company received \$2,919,541 Research and Development Tax Incentive Refund for the 2019/2020 financial year.
- The Company entered into an exclusive Agreement to license Bionomics' BNC101 oncology drug candidate to Carina Biotech Pty Ltd (Carina) for the development of Chimeric Antigen Receptor T cell (CAR-T) therapy, which harnesses the body's immune system to fight cancer.
- The Merck & Co. Phase 1 safety clinical trials of the lead molecule in healthy subjects have been completed and there are ongoing plans for further biomarker studies. A backup molecule that showed an improved potency profile in preclinical animal models versus the current lead molecule is advancing into Phase 1 clinical trials.
- On 9 February 2021 the Directors announced:
 - The Company had entered into placement agreements with a number of North American and European institutional and sophisticated investors, to raise A\$15,991,634. The Company used its 15% placement capacity under Listing Rule 7.1 of 110,287,132 shares which will be issued at \$0.145 per share.
 - Following completion of the placement, the Company will commence an Entitlement Offer allowing eligible shareholders the opportunity to acquire new shares at the same price (\$0.145)
- On 22 February 2021 the Company announced positive pharmacokinetic (PK) results from a 7-day dosing study in healthy volunteers using the newly developed solid dose oral tablet formulation of BNC210. The 7-day dosing PK study in ten healthy volunteers (females and males) demonstrated that at a dose of 900 mg given twice daily, the tablet formulation of BNC210 had steady-state 12-hourly exposure levels ranging from 33-57 mg.h/L which exceed the 12-hourly blood exposure of ~25 mg.h/L predicted as necessary to meet the primary endpoints for effectiveness for treating PTSD patients in future clinical trials.

Adelaide, Australia: Bionomics Limited (ASX: BNO, OTCQX: BNOEF), today announced its half-year report for the six months ended 31 December 2020.

Internal development of BNC210 is back on track with a solid dose formulation to achieve the blood exposure required for future PTSD trials, along with positive feedback from the U.S. Food and Drug Administration (FDA) and Fast Track designation provide a promising opportunity for the Company in 2020 and beyond. Bionomics is preparing for a Phase 2 clinical trial in PTSD, projected to commence in mid-2021 using a new solid dose tablet formulation of BNC210, its lead CNS drug candidate. An optimised tablet formulation of BNC210 was manufactured in preparation for a human 7-day dosing pharmacokinetic (PK) study. In December 2020, the tablets were shipped to Australia ready for the start of the study which will determine the BNC210 dose that will be used in the Phase 2 PTSD trial. In parallel, the Company started the large scale manufacturing campaign of the BNC210 Active Pharmaceutical Ingredient (API) that will supply the material for the tablets in the Phase 2 PTSD trial.

To partly fund the Phase 2 clinical trial in PTSD, the Company entered into a Subscription Agreement with Apeiron Investment Group Ltd (Apeiron) at the beginning of June 2020, the family office of entrepreneur and founder Christian Angermayer with a strong focus, amongst others, on life sciences, and raised \$5,433,320 from the issue of 135,833,000 shares to Apeiron or investors procured by Apeiron, of which 54,333,000 shares were issued since 30 June 2020 raising \$2,173,320.

In addition, the Company issued a further equity raising through the issue of 54,394,446 Shares giving eligible institutional and retail shareholders an opportunity to subscribe pro rata for Shares at the same price as the Second Placement Shares to Apeiron at \$0.04 per Share. The accelerated institutional component of the Entitlement Offer of 1 for 12.54 raised \$893,235 at the offer price of \$0.04 per new fully paid ordinary share in Bionomics (New Shares). The Retail Entitlement Offer was well supported by

eligible retail shareholders. Eligible retail shareholders applied for approximately 23.5 million shares aggregating to approximately \$0.9 million of New Shares pursuant to their entitlements (representing a take up rate of approximately 74%). Eligible retail shareholders subscribed for a further approximately 38.6 million additional New Shares in excess of their entitlement (up to a maximum of 100% of their entitlement) aggregating to approximately \$1.54 million through the Retail Oversubscription Facility. Applications under the Retail Oversubscription Facility were in excess of the approximately 8.45 million shares or \$338,000 shortfall and were scaled back on a pro-rata basis. The Retail Entitlement Offer together with the institutional component, raised \$2,172,178 before costs. The Company has strengthened its strategic investor base with committed funding for BNC210 development.

In October 2020, the Company received \$2,919,541 R&D Tax Incentive Refund for the 2019/2020 financial year.

At the Annual General Meeting held on 20 November 2020, Shareholders approved the election of Dr Srinivas Rao, the second Apeiron nominee under the Subscription Agreement with Apeiron and the election of Dr Jane Ryan, replacing Mr Peter Turner who decided not to stand for re-election.

The Company entered into an exclusive Agreement to license Bionomics' BNC101 oncology drug candidate to Carina Biotech Pty Ltd (Carina), for the development of Chimeric Antigen Receptor T cell (CAR-T) therapy, which harnesses the body's immune system to fight cancer. BNC101 is a first-in-class humanised monoclonal antibody to LGR5, which is overexpressed in cancer stem cells within solid tumours including colorectal, breast, pancreatic, ovarian, lung, liver and gastric cancers and has the potential to guide CAR-T therapeutic development. Under the worldwide, exclusive License Agreement, Carina will fund all research and development activities. Bionomics is eligible to receive up to \$118 million in clinical and development milestones plus royalty payments if Carina fully develops and markets the new therapy. In the event that Carina sub-licenses the CAR-T treatment, Bionomics is eligible to share in the sub-licensing revenues in early clinical development and receive a substantial double-digit portion of the revenues in later stages of clinical development.

Bionomics is also supporting two Investigator-initiated clinical trials of its oncology drug candidate, BNC105, by providing the drug for the trials. The trial of BNC105 in combination with nivolumab in patients with colorectal cancer completed its treatment phase late in Q4 CY2020 with top line data from the trial expected in Q2 CY2021. The trial is sponsored by the Australasian Gastro-Intestinal Trials Group (AGITG) and funding support is provided by Bristol Myers Squibb. The other trial of BNC105 in combination with ibrutinib continues to enrol patients with chronic lymphocytic leukemia with funding support provided by the Leukemia & Lymphoma Society (US).

Whilst the internal focus and current R&D spend is restricted to CNS programs, Bionomics continues limited activities to maximise the value of its legacy oncology programs through divestment and/or out-licensing of both BNC101 and BNC105.

Bionomics has its continuing partnership with Merck & Co as a lead and back-up therapeutic candidates for the treatment of cognitive dysfunction in Alzheimer's disease and other conditions continue to progress through clinical development.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Bionomics Limited

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About Bionomics Limited

Bionomics (ASX: BNO) is a global, clinical stage biopharmaceutical company leveraging its proprietary platform technologies to discover and develop a deep pipeline of best in class, novel drug candidates. Bionomics' lead drug candidate BNC210 is a novel, proprietary negative allosteric modulator of the alpha-7 ($\alpha 7$) nicotinic acetylcholine receptor. Beyond BNC210, Bionomics has a strategic partnership with MSD

(known as Merck & Co in the US and Canada) and a pipeline of pre-clinical ion channel programs targeting pain, depression, cognition and epilepsy.

www.bionomics.com.au

Factors Affecting Future Performance

This announcement contains "forward-looking" statements within the meaning of the United States' Private Securities Litigation Reform Act of 1995. Any statements contained in this announcement that relate to prospective events or developments, including, without limitation, statements made regarding Bionomics' drug candidates (including BNC210), its licensing agreements with MSD and any milestone or royalty payments thereunder, drug discovery programs, ongoing and future clinical trials, and timing of the receipt of clinical data for our drug candidates are deemed to be forward-looking statements. Words such as "believes," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions are intended to identify forward-looking statements.

There is a number of important factors that could cause actual results or events to differ materially from those indicated by these forward-looking statements, including unexpected safety or efficacy data, unexpected side effects observed in clinical trials, risks related to our available funds or existing funding arrangements, our failure to introduce new drug candidates or platform technologies or obtain regulatory approvals in a timely manner or at all, regulatory changes, inability to protect our intellectual property, risks related to our international operations, our inability to integrate acquired businesses and technologies into our existing business and to our competitive advantage, as well as other factors. Results of studies performed on our drug candidates and competitors' drugs and drug candidates may vary from those reported when tested in different settings.

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BIONOMICS LIMITED

Half-Year Report – 31 December 2020

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020.

BIONOMICS LIMITED

Director's Report

Your Directors present their report on the consolidated entity ("the Group") consisting of Bionomics Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors of the Company during or since the end of the half-year:

- Dr Errol De Souza, Executive Chairman
- Mr Peter Turner, Non-Executive Director - retired 20 November 2020
- Mr David Wilson, Non-Executive Director
- Mr Alan Fisher, Non-Executive Director
- Mr Mitchell Kaye, Non-Executive Director
- Mr Aaron Weaver, Non-Executive Director from 6 July 2020
- Dr Jane Ryan, Non-Executive Director from 1 October 2020
- Dr Srinivas Rao, Non-Executive Director from 1 October 2020

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period include the development of novel drug candidates focused on the treatment of central nervous system disorders.

DIVIDENDS

The Directors do not propose to make any recommendation for dividends for the current financial year.

REVIEW OF OPERATIONS

Cash at 31 December 2020 was \$5,739,547 (30 June 2020: \$4,577,747) and net cash inflow for the six-month period ended 31 December 2020 was \$1,178,797, compared to net cash outflow of \$4,591,685 for the six-month period ended 31 December 2019. Cash inflows for the current period included:

- \$3,192,699 of customer receipts and research and development tax incentives for the six-month period ended 31 December 2020, compared to \$10,087,489 for the six-month period ended 31 December 2019. The decrease is due to the disposal of the French operations that occurred during March 2020 and a decrease in the research and development incentive received from the Australian government.
- \$4,115,865 net proceeds from share issue for the six-month period ended 31 December 2020, compared to no such amount during the for the six-month period ended 31 December 2019.

Revenue, other income and, other gains and losses from continuing operations for the half-year ended 31 December 2020 was \$6,147,539, compared to \$1,574,092 for the period to 31 December 2019. The increase mainly relates to the gain arising from changes in fair value of the contingent consideration liability of \$4,205,824 due to the timing and quantum of expected cash outflows and net realised and unrealised foreign exchange gains of \$1,030,581.

The operating loss after tax for the half-year ended 31 December 2020 was \$12,735, compared to \$6,699,664 for the period ended 31 December 2019, which was in line with expectations, after taking into account the gain from changes in fair value of the contingent consideration liability and net realised and unrealised foreign exchange gains.

Major achievements in the period include:

- At the beginning of June 2020, Apeiron Investment Group Ltd (Apeiron), agreed to subscribe or procure the subscription of, approximately \$20-\$22 million in total funding to progress BNC210 development for the treatment of PTSD.

To partly fund the Phase 2 clinical trial in PTSD, the Company entered into a Subscription Agreement, with Apeiron, the family office of entrepreneur and founder Christian Angermayer with a strong focus, amongst others, on life sciences. The Company raised \$5,433,320 from the issue of 135,833,000 shares to Apeiron or investors procured by Apeiron of which 54,333,000 shares were issued and \$2,173,320 was received in the six months to 31 December 2020.

In addition, the Company raised further funding through the issue of 54,333,000 Shares, giving eligible institutional and retail shareholders an opportunity to subscribe pro rata for Shares at the same price as the Second Placement Shares to Apeiron at \$0.04 per Share. The accelerated institutional component of the Entitlement Offer of 1 for 12.54 raised approximately \$893,235 at the offer price of \$0.04 per new fully paid ordinary share in Bionomics (New Shares). The Retail Entitlement Offer was well supported by eligible retail shareholders. Eligible retail shareholders applied for approximately 23.5 million shares aggregating to approximately \$0.9 million of New Shares pursuant to their entitlements (representing a take up rate of approximately 74%). Eligible retail shareholders subscribed for a further approximately 38.6 million additional New Shares in excess of their entitlement (up to a maximum of 100% of their entitlement) aggregating to approximately \$1.54 million through the Retail Oversubscription Facility. Applications under the Retail Oversubscription Facility were in excess of the approximately 8.45 million shares or \$338,000 shortfall and were scaled back on a pro-rata basis. The Retail Entitlement Offer together with the institutional component, raised approximately \$2,173,320 before costs.

In addition, the Company received \$2,919,541 Research and Development Tax Incentive Refund for the 2019/2020 financial year.

- New optimised tablet formulation of BNC210 for patients with post-traumatic stress disorder.

An optimised tablet formulation of BNC210 was manufactured in preparation for a human 7-day dosing pharmacokinetic (PK) study. In December 2020, the tablets were shipped to Australia ready for the start of the study which will determine the BNC210 dose that will be used in the Phase 2 PTSD trial. In parallel, large scale manufacturing campaign of the BNC210 Active Pharmaceutical Ingredient (API) that will supply the material for the tablets in the Phase 2 PTSD trial commenced.

- Exclusive Agreement to license Bionomics' BNC101 oncology drug candidate to Carina Biotech (Carina), for the development of Chimeric Antigen Receptor T cell (CAR-T) therapy, which harnesses the body's immune system to fight cancer.

BNC101 is a first-in-class humanised monoclonal antibody to LGR5, which is overexpressed in cancer stem cells within solid tumours including colorectal, breast, pancreatic, ovarian, lung, liver and gastric cancers and has the potential to guide CAR-T therapeutic development. Under the worldwide, exclusive License Agreement, Carina will fund all research and development activities. Bionomics is eligible to receive up to \$118 million in clinical & development milestones plus royalty payments if Carina fully develops and markets the new therapy. In the event that Carina sub-licenses the CAR-T treatment, Bionomics is eligible to share in the sub-licensing revenues in early clinical development and receive a substantial double-digit portion of the revenues in later stages of clinical development.

- Global License and Collaboration Agreement with MSD (Merck & Co.) - lead and back-up therapeutic candidates for the treatment of cognitive dysfunction in Alzheimer's disease and other conditions continue to progress through clinical development.

Phase 1 safety clinical trials of the lead molecule in healthy subjects have been completed and there are ongoing plans for further biomarker studies. A backup molecule that showed an improved potency profile in preclinical animal model versus the current lead molecule advanced into Phase 1 clinical trials.

OUTLOOK

Bionomics will complete the human 7-day dosing pharmacokinetic (PK) study in Q1 CY2021 and determine the optimum BNC210 dose for the proposed Phase 2 PTSD trial. In parallel we are completing the large scale GMP manufacture of BNC210 API for the Phase 2 PTSD Trial with manufacturing of the BNC210 tablets and matching placebo tablets to follow.

As approved by Shareholders at the general meeting in August 2020, the Company will commence a further equity placement to raise at least \$15,000,000 to fund the Phase 2 PTSD Trial, which has been underwritten by Apeiron Investment Group Ltd under the Subscription Agreement. This further placement will include a Rights Issue or Security Purchase Plan for eligible share shareholders.

Bionomics continues limited activities to maximise the value of its legacy oncology programs BNC101 and BNC105 through external funding of clinical development and divestment/out-licensing and anticipates announcing top line data from the recently completed Phase 2 BNC105/nivolumab combination trial in patients with metastatic colorectal cancer in Q2 CY2021.

Merck & Co Inc, Kenilworth NJ USA continues to conduct clinical development to evaluate the collaboration asset targeting cognitive impairment in Alzheimer's and Parkinson's and other conditions. We will update the market as and when more information is available.

On 9 February 2021 the Directors announced:

- The Company has entered into placement agreements with a number of North American and European institutional and sophisticated investors, to raise A\$15,991,634. The Company used its 15% placement capacity under Listing Rule 7.1 of 110,287,132 shares which will be issued at \$0.145 per share.
- Following completion of the placement, the Company will commence an Entitlement Offer allowing eligible shareholders the opportunity to acquire new shares at the same price (\$0.145

On 22 February 2021 the Company announced positive pharmacokinetic (PK) results from a 7-day dosing study in healthy volunteers using the newly developed solid dose oral tablet formulation of BNC210. The 7-day dosing PK study in ten healthy volunteers (females and males) demonstrated that at a dose of 900 mg given twice daily, the tablet formulation of BNC210 had steady-state 12-hourly exposure levels ranging from 33-57 mg.h/L which exceed the 12-hourly blood exposure of ~25 mg.h/L predicted as necessary to meet the primary endpoints for effectiveness for treating PTSD patients in future clinical trials.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

Dated at Adelaide this 26 February 2021



Errol De Souza
Executive Chairman



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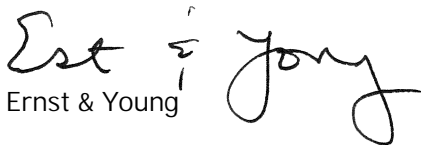
**Building a better
working world**


Auditor's independence declaration to the directors of Bionomics Limited

As lead auditor for the review of the half-year financial report of Bionomics Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bionomics Limited and the entities it controlled during the financial period.


Ernst & Young


Nigel Stevenson
Partner
26 February 2021

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BIONOMICS LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive
Income
for the half-year ended 31 December 2020

	<u>Note</u>	<u>Half-year ended</u>	
		<u>31 Dec 2020</u>	<u>Restated (Note 15)</u>
		<u>\$</u>	<u>\$</u>
Continuing operations			
Revenue	3	101,507	100,339
Other income	3	780,480	1,656,107
Other gains and (losses)	3	5,265,552	(182,354)
Expenses			
Research and development expenses		(2,053,586)	(3,821,564)
Administration expenses		(2,092,783)	(2,028,575)
Occupancy expenses		(677,220)	(550,912)
Compliance expenses		(737,605)	(734,563)
Finance expenses	4	(695,373)	(1,043,800)
(Loss) before tax		(109,028)	(6,605,322)
Income tax benefit		96,293	98,523
(Loss) for the period from continuing operations		(12,735)	(6,506,799)
Discontinued operations			
(Loss) for the period from discontinued operations	11	-	(192,865)
(Loss) for the period		(12,735)	(6,699,664)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Gain/(Loss) on exchange differences from translating foreign operations		(1,517,867)	46,418
Total comprehensive (loss) for the period		(1,530,602)	(6,653,246)
<i>Loss per share:</i>		<u>Cents</u>	<u>Cents</u>
from continuing and discontinued operations:			
Basic loss per share		0.0	(1.2)
Diluted loss per share		0.0	(1.2)
from continuing operations:			
Basic loss per share		0.0	(1.2)
Diluted loss per share		0.0	(1.2)

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Financial Position
as at 31 December 2020

	Note	<u>31 Dec 2020</u>	<u>30 June 2020</u>
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		5,739,547	4,577,747
Trade and other receivables		27,285	59,290
Research and development incentives receivable		605,067	2,919,541
Other assets		303,101	776,320
TOTAL CURRENT ASSETS		<u>6,675,000</u>	<u>8,332,898</u>
NON-CURRENT ASSETS			
Property, plant and equipment		257,302	286,956
Right-of-use assets		396,743	771,029
Goodwill		12,254,479	12,872,387
Other intangible assets		10,109,194	11,766,412
Other financial assets		435,640	436,174
TOTAL NON-CURRENT ASSETS		<u>23,453,358</u>	<u>26,129,958</u>
TOTAL ASSETS		<u>30,128,358</u>	<u>34,462,856</u>
CURRENT LIABILITIES			
Trade and other payables		1,218,218	1,930,432
Borrowings	5	7,015,310	5,185,136
Lease liabilities		414,548	767,711
Provisions		432,325	388,827
TOTAL CURRENT LIABILITIES		<u>9,080,401</u>	<u>8,272,106</u>
NON-CURRENT LIABILITIES			
Borrowings	5	2,272,493	6,258,993
Lease liabilities		-	25,437
Provisions		42,438	45,814
Deferred tax liabilities		1,883,231	2,203,340
Contingent consideration	13	769,335	4,975,159
TOTAL NON-CURRENT LIABILITIES		<u>4,967,497</u>	<u>13,508,743</u>
TOTAL LIABILITIES		<u>14,047,898</u>	<u>21,780,849</u>
NET ASSETS		<u>16,080,460</u>	<u>12,682,007</u>
EQUITY			
Issued capital	6	152,331,482	148,156,005
Reserves		9,187,818	13,413,784
Accumulated losses		(145,438,840)	(148,887,782)
Total equity		<u>16,080,460</u>	<u>12,682,007</u>

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2020

	<u>Issued Capital</u>	<u>Foreign currency translation reserve</u>	<u>Share- based payments reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Balance at 1 July 2019 (as previously reported)	144,944,233	6,254,267	7,365,270	(140,865,629)	17,698,141
Adjustment (Note 15)	-	-	-	(1,199,077)	(1,199,077)
Balance 1 July 2019 (restated)	144,944,233	6,254,267	7,365,270	(142,064,706)	16,499,064
Loss for the period	-	-	-	(6,699,664)	(6,699,664)
Gain on exchange differences from translating foreign operations	-	46,418	-	-	46,418
Total comprehensive income for the period	-	46,418	-	(6,699,664)	(6,653,246)
Recognition of share-based payments	-	-	(45,991)	-	(45,991)
Transfer of cancelled options	-	-	(186,472)	186,472	-
Balance at 31 December 2019	144,944,233	6,300,685	7,132,807	(148,577,898)	9,799,827
Balance at 1 July 2020	148,156,005	6,288,371	7,125,413	(148,887,782)	12,682,007
Loss for the period	-	-	-	(12,735)	(12,735)
(Loss) on exchange differences from translating foreign operations	-	(1,517,867)	-	-	(1,517,867)
Total comprehensive income for the period	-	(1,517,867)	-	(12,735)	(1,530,602)
Issue of shares	4,406,248	-	-	-	4,406,248
Cost associated with share issues	(230,771)	-	-	-	(230,771)
Recognition of share-based payments	-	-	753,578	-	753,578
Transfer of cancelled share options and warrants	-	-	(3,461,677)	3,461,677	-
Balance at 31 December 2020	152,331,482	4,770,504	4,417,314	(145,438,840)	16,080,460

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

BIONOMICS LIMITED
Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2020

	<u>Half-year ended</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
	\$	\$
Cash flows from operating activities		
Research and development incentives received	2,919,541	7,527,120
Receipts from customers	273,158	2,560,369
Payments to suppliers and employees	(4,085,060)	(9,397,218)
Interest paid	(421,513)	(812,746)
	<u>(1,313,874)</u>	<u>(122,475)</u>
Net cash (used in) operating activities		
Cash flows from investing activities		
Interest received	3,928	53,895
Payments for other financial assets	-	(51,787)
Proceeds from sale of other financial assets	534	550,000
Payments for purchases of property, plant and equipment	(1,467)	(7,705)
Proceeds from sale of property, plant & equipment	50,331	57,799
	<u>53,326</u>	<u>602,202</u>
Net cash generated by investing activities		
Cash flows from financing activities		
Proceeds from share issues	4,345,498	-
Payments for share issue costs	(229,633)	-
Repayment of borrowings	(1,297,920)	(4,638,229)
Principal elements of lease payments	(378,600)	(433,183)
	<u>2,439,345</u>	<u>(5,071,412)</u>
Net cash generated by/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	1,178,797	(4,591,685)
Cash and cash equivalents at the beginning of the half-year	4,577,747	13,985,477
Effects of exchange rate changes on the balance of cash held in foreign currencies	(16,997)	(5,606)
Cash and cash equivalents at the end of the half-year	12	9,388,186
	<u>5,739,547</u>	<u>9,388,186</u>

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

BIONOMICS LIMITED

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2020 annual financial report for the financial year ended 30 June 2020 except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards (AAS) and with International Financial Reporting Standards (IFRS).

(c) New Accounting Standards and Interpretations

The Group has adopted all 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 an accounting period that begins on or after 1 July 2020. The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

(d) Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

For the half-year ended 31 December 2020 the Group incurred a net loss of \$12,735 (31 December 2019: net loss of \$6,699,664), working capital deficit of \$2,405,401 (30 June 2020: surplus of \$60,732) and had a net cash outflow from operating activities of \$1,313,874 (31 December 2019: net cash outflow of \$122,475). At 31 December 2020, the Group has cash reserves of \$5,739,547 (30 June 2020: \$4,577,747).

On 9 February 2020 the Company announced that:

- A share placement of 110,287,132 fully paid ordinary shares had been arranged that will raise \$15,991,634 (underwritten to \$15,000,000). As at the date of this report \$12,080,486 has been received.
- The Company will commence an Entitlement Offer allowing eligible shareholders the opportunity to acquire new shares at the same price (14.5 cents).

With the underwritten amount from the share placement, at the date of signing this report, the Group has sufficient funds to pay all contracted debt repayments, administration and committed research and development costs for a further twelve months.

For the Group to fully fund all future planned expenditure associated with a second BNC210 Phase 2 PTSD clinical trial, the Group is dependent on raising additional funds, which may include:

- Raising capital by one or a combination of the following: a private placement of shares, a pro-rata issue to shareholders, the exercise of outstanding share options and warrants, and/or a further issue of shares to the public; and

- Sale or partial sale of some of the Group's assets, or licensing of some of the Group's compounds which are currently in the drug development stage.

NOTE 2: SEGMENT INFORMATION

There was a change in the operating segments during year ended 30 June 2020. As a result of the disposal of the two French subsidiaries which carried out the Group's contract service business (see Note 11).

Accordingly, the Group now operates as one segment being research and development in Australia. This is the basis on which its internal reports are reviewed and used by the Board of Directors (the "chief operating decision maker") in monitoring, assessing performance and in determining the allocation of resources.

The results, assets and liabilities from this segment are equivalent to the consolidated financial statements.

NOTE 3: REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

	<u>Half-year ended</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Revenue from continuing operations	\$	\$
Rent	101,507	100,339
Other income from continuing operations		
Interest income	3,913	51,385
Government Research and Development Incentives (i)	605,067	1,604,722
Government assistance Covid-19 (Cash flow boost)	50,000	-
Government assistance Covid-19 (Jobkeeper)	121,500	-
	<u>780,480</u>	<u>1,656,107</u>

- (i) The Government Research and Development Incentives relate to a cash refund provided by the Australian Government for 43.5% (2019: 43.5%) of eligible research and development expenditures by Australian entities having a tax loss and less than \$20 million in revenue and is received after the 30 June 2021 tax return is lodged with the Australian Tax Office.

	<u>Half-year ended</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Other gains and losses from continuing operations	\$	\$
Net gain/(loss) arising on changes in fair value of contingent consideration (Note 13)	4,205,824	(109,687)
Net realised and unrealised foreign currency gain/(loss)	1,030,581	(147,338)
Gain on disposal of plant and equipment	29,147	74,671
	<u>5,265,552</u>	<u>(182,354)</u>

NOTE 4: FINANCE EXPENSE

	<u>Half-year ended</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
	\$	\$
Interest expense on bank and other loans	395,267	714,164
Interest expense on lease liabilities	17,476	37,628
Amortisation of transaction costs	77,653	-
Accrual of final payment	204,977	292,008
	<u>695,373</u>	<u>1,043,800</u>

NOTE 5: BORROWINGS

	<u>31 Dec 2020</u>	<u>30 June 2020</u>
Secured at amortised costs	<u>\$</u>	<u>\$</u>
Bank loan	9,091,516	11,202,105
Equipment mortgage	196,287	242,024
	<u>9,287,803</u>	<u>11,444,129</u>
Disclosed in the financial report as:		
Current	7,015,310	5,185,136
Non-current	2,272,493	6,258,993
	<u>9,287,803</u>	<u>11,444,129</u>

Borrowings movement schedule

	<u>Half-year ended</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
	<u>\$</u>	<u>\$</u>
Opening Balance – 1 July	11,444,129	18,296,846
Repayments	(1,297,920)	(4,638,229)
Accrual of bank loan final payment	204,977	292,008
Amortisation of costs	77,653	-
Foreign currency exchange differences	(1,141,036)	137,992
Closing Balance 31 December	<u>9,287,803</u>	<u>14,088,617</u>

NOTE 6: EQUITY SECURITIES ISSUED

	<u>Half-year</u>		<u>Half-year</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
	<u>Number of</u>	<u>Number of</u>	<u>\$</u>	<u>\$</u>
	<u>shares</u>	<u>shares</u>		
Ordinary shares				
Balance at the beginning of the half-year	626,185,872	544,647,747	148,156,005	144,944,233
28 August 2020, bonus shares issued to staff	424,232	-	60,750	-
Share placement on 24 September 2020 at 4 cents per share	54,333,000	-	2,173,320	-
Rights issue to:				
• institution shareholders on 6 October 2020 at 4 cents per share	22,330,875	-	893,235	-
• retail shareholders on 23 October 2020 at 4 cents per share	31,973,571	-	1,278,943	-
Costs associated with share issues	-	-	(230,771)	-
Balance at the end of the half-year	<u>735,247,550</u>	<u>544,647,747</u>	<u>152,331,482</u>	<u>144,944,233</u>
Treasury stock				
Balance at the beginning of the half-year	-	38,125	-	-
Share issue	-	-	-	-
Balance at the end of the half-year	<u>-</u>	<u>38,125</u>	<u>-</u>	<u>-</u>
Total Issued Capital	<u>735,247,550</u>	<u>544,685,872</u>	<u>152,331,482</u>	<u>144,944,233</u>

NOTE 7: SHARE OPTIONS AND WARRANTS

On 28 August 2020, the Company issued 15 million share options to subscribe for 15 million shares at \$0.04 per share expiring on 28 August 2025 to key management personnel, details of the issue are set out below:

KMP	Number	Vesting conditions	Fair value at date of issue
Dr Errol De Souza	6,000,000	Company's share price reaching \$0.14 per share	\$0.075
Dr Errol De Souza	6,000,000	Company's share price reaching \$0.24 per share	\$0.071
Mr Jack Moschakis	1,000,000	Company's share price reaching \$0.14 per share	\$0.133
Mr Jack Moschakis	1,000,000	Company's share price reaching \$0.24 per share	\$0.118
Ms Liz Doolin	500,000	Company's share price reaching \$0.14 per share	\$0.133
Ms Liz Doolin	500,000	Company's share price reaching \$0.24 per share	\$0.118

The share options issued to Dr Errol De Souza were approved by shareholders at the general meeting held on 26 August 2020 and the share options issued to Mr Jack Moschakis and Ms Liz Doolin were approved by Directors on 28 August 2020.

A Monte Carlo model was used to obtain the fair value of the share options that were issued to Dr Errol De Souza and the share options issued to Mr Jack Moschakis and Ms Liz Doolin that vest when the Company's share price reach \$0.24. A Black-Scholes model was used to obtain the fair value of the share options issued to Mr Jack Moschakis and Ms Liz Doolin that vest when the Company's share price reach \$0.14, as the share price had reached \$0.14 when these shares options were approved to be issued. Inputs used are summarised below:

	Dr Errol De Souza share options	Mr Jack Moschakis and Ms Liz Doolin share options
Share price at date of issue	\$0.11	\$0.15
Exercise price	\$0.04	\$0.04
Bionomics share volatility	105%	105%
Risk free interest rate	0.42%	0.43%

On 20 November 2020, the company issued 500,000 share options to subscribe for 500,000 shares at \$0.1687 per share to Dr Jane Ryan (non-executive director). The issue of these options was approved by shareholders at the Annual General Meeting held on 20 November 2020, details of the share options issue are set out below:

Grant date	Vesting date	Expiry date	Exercise price	Number	Fair value at date of issue
20 November 2020	20 October 2021	20 October 2026	\$0.1687	100,000	\$0.089
20 November 2020	20 October 2022	20 October 2027	\$0.1687	100,000	\$0.095
20 November 2020	20 October 2023	20 October 2028	\$0.1687	100,000	\$0.099
20 November 2020	20 October 2024	20 October 2029	\$0.1687	100,000	\$0.103
20 November 2020	20 October 2025	20 October 2030	\$0.1687	100,000	\$0.107

A Black-Scholes model was used to obtain the fair value of the above share options. Inputs used are summarised below:

Share price at date of issue	\$0.13
Exercise price	\$0.1687
Bionomics share volatility	89.05%
Risk free interest rate	0.03%

During the six months ended 31 December 2020, 532,500 share options lapsed, details are set out below:

Number of share options	Exercise price
100,000	\$0.7224
4,000	\$0.6875
15,000	\$0.6014
100,000	\$0.5156
113,000	\$0.4341
85,500	\$0.4211
115,000	\$0.3176
<u>532,500</u>	

During the six months ended 31 December 2020, 24,469,716 warrants lapsed, details are set out below:

Number of warrants	Exercise price
24,124,484	\$0.5958
345,232	\$0.5288
<u>24,469,716</u>	

As a result of the Rights issue that occurred during October 2020, the exercise price of options and warrants were recalculated in accordance the rules of the Option and Warrant Plans, and with the ASX listing rule 6.22.2. The tables below indicate the new exercise price of all share options and warrants outstanding as at 31 December 2020:

- *Share options vested as at 31 December 2020*

Expiry date	Original Exercise price	New Exercise price	Number
26-Mar-21	\$0.503	\$0.493	5,000
27-Apr-21	\$0.503	\$0.493	4,000
1-May-21	\$0.375	\$0.365	64,000
25-May-21	\$0.425	\$0.415	260,600
12-Jun-21	\$0.336	\$0.326	8,000
20-Jul-21	\$0.434	\$0.425	15,000
9-Oct-21	\$0.458	\$0.448	5,000
10-Oct-21	\$0.601	\$0.592	15,000
28-Nov-21	\$0.425	\$0.415	260,000
11-Dec-21	\$0.318	\$0.308	100,000
11-Dec-21	\$0.722	\$0.713	100,000
12-Dec-21	\$0.516	\$0.506	100,000
17-Dec-21	\$0.688	\$0.678	4,000
18-Dec-21	\$0.318	\$0.308	5,000
24-Dec-21	\$0.539	\$0.529	100,000
30-Dec-21	\$0.510	\$0.501	50,000
26-Mar-22	\$0.503	\$0.493	5,000
27-Apr-22	\$0.503	\$0.493	4,000
1-May-22	\$0.375	\$0.365	64,000
6-May-22	\$0.320	\$0.311	50,000
25-May-22	\$0.425	\$0.415	260,600

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Expiry date	Original Exercise price	New Exercise price	Number
12-Jun-22	\$0.336	\$0.326	8,000
20-Jul-22	\$0.434	\$0.425	15,000
9-Oct-22	\$0.458	\$0.448	5,000
10-Oct-22	\$0.601	\$0.592	15,000
28-Nov-22	\$0.261	\$0.252	200,000
28-Nov-22	\$0.313	\$0.304	100,000
28-Nov-22	\$0.382	\$0.373	5,000
11-Dec-22	\$0.318	\$0.308	100,000
11-Dec-22	\$0.722	\$0.713	100,000
17-Dec-22	\$0.688	\$0.678	4,000
18-Dec-22	\$0.318	\$0.308	5,000
24-Dec-22	\$0.539	\$0.529	100,000
30-Dec-22	\$0.510	\$0.501	50,000
27-Apr-23	\$0.503	\$0.493	4,000
1-May-23	\$0.375	\$0.365	64,000
6-May-23	\$0.320	\$0.311	50,000
25-May-23	\$0.425	\$0.415	260,600
20-Jul-23	\$0.434	\$0.425	15,000
9-Oct-23	\$0.458	\$0.448	5,000
10-Oct-23	\$0.601	\$0.592	15,000
4-Nov-23	\$0.259	\$0.250	4,000
28-Nov-23	\$0.261	\$0.252	200,000
28-Nov-23	\$0.313	\$0.304	200,000
28-Nov-23	\$0.382	\$0.373	5,000
17-Dec-23	\$0.688	\$0.678	4,000
24-Dec-23	\$0.539	\$0.529	100,000
30-Dec-23	\$0.510	\$0.501	50,000
27-Apr-24	\$0.503	\$0.493	4,000
6-May-24	\$0.320	\$0.311	50,000
25-May-24	\$0.425	\$0.415	260,600
20-Jul-24	\$0.434	\$0.425	15,000
9-Oct-24	\$0.458	\$0.448	5,000
4-Nov-24	\$0.259	\$0.250	4,000
28-Nov-24	\$0.261	\$0.252	200,000
28-Nov-24	\$0.313	\$0.304	200,000
28-Nov-24	\$0.382	\$0.373	5,000
24-Dec-24	\$0.539	\$0.529	100,000
30-Dec-24	\$0.510	\$0.501	50,000
27-Apr-25	\$0.503	\$0.493	4,000
6-May-25	\$0.320	\$0.311	50,000
25-May-25	\$0.425	\$0.415	260,600
20-Jul-25	\$0.434	\$0.425	15,000
9-Oct-25	\$0.458	\$0.448	5,000
4-Nov-25	\$0.259	\$0.250	4,000
28-Nov-25	\$0.261	\$0.252	200,000
28-Nov-25	\$0.313	\$0.304	200,000
28-Nov-25	\$0.382	\$0.373	5,000

Expiry date	Original Exercise price	New Exercise price	Number
24-Dec-25	\$0.539	\$0.529	100,000
30-Dec-25	\$0.510	\$0.501	50,000
5-Sep-23	\$0.440	\$0.431	10,000
5-Sep-24	\$0.440	\$0.431	10,000
5-Sep-25	\$0.440	\$0.431	10,000
5-Sep-22	\$0.440	\$0.431	373,050
28-Aug-25	\$0.040	\$0.031	<u>7,500,000</u>
			<u>12,853,050</u>

- *Share options still to vest as at 31 December 2020*

Vesting date	Expiry date	Original exercise price	New exercise price	Number
6-May-21	6-May-26	\$0.3200	\$0.3106	50,000
4-Nov-21	4-Nov-26	\$0.2591	\$0.2497	4,000
28-Nov-21	28-Nov-26	\$0.2613	\$0.2519	405,000
5-Sep-21	5-Sep-26	\$0.4400	\$0.4306	10,000
<i>Note 1</i>	28-Aug-25	\$0.0400	\$0.0306	7,500,000
20-Oct-21	20-Oct-26	\$0.1687	\$0.1687	100,000
5-Sep-22	5-Sep-27	\$0.4400	\$0.4306	10,000
20-Oct-22	20-Oct-27	\$0.1687	\$0.1687	100,000
20-Oct-23	20-Oct-28	\$0.1687	\$0.1687	100,000
20-Oct-24	20-Oct-29	\$0.1687	\$0.1687	100,000
20-Oct-25	20-Oct-30	\$0.1687	\$0.1687	<u>100,000</u>
				<u>8,479,000</u>

Note 1: The share options vest when the Company's share price reaches \$0.24 per share

- *Warrants vested as at 31 December 2020*

Expiry date	Original Exercise price	New Exercise price	Number
10-Dec-21	\$0.5938	\$0.5842	<u>16,082,988</u>
			<u>16,082,988</u>

NOTE 8: CHANGE IN ACCOUNTING ESTIMATES

There has been no change in the basis of accounting estimates since the last annual reporting date.

NOTE 9: CONTINGENCIES AND COMMITMENTS

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

NOTE 10: KEY MANAGEMENT PERSONNEL

The following changes in key management personnel have occurred since 30 June 2020:

- Appointment of Mr Aaron Weaver, non-executive director on 6 July 2020
- Appointment of Dr Jane Ryan, non-executive director on 1 October 2020
- Appointment of Dr Srinivas Rao, non-executive director on 1 October 2020
- Resignation of Mr Peter Turner, non-executive director, on 20 November 2020

There have been no changes to remuneration arrangements of key management personnel from what

was disclosed in the 2020 annual financial report and no additional payments were made to Mr Peter Turner on his resignation.

NOTE 11: DISCONTINUED OPERATIONS

On 11 December 2019, the Company accepted an offer from Domain Therapeutics (“Domain”) for its two wholly owned subsidiaries, Neurofit SAS and PC SAS, which carry out all the Group’s contract service business. A sale purchase agreement was signed on 10 February 2020 and settlement occurred on 3 March 2020. The disposal of the contract service operation is consistent with the Group’s long-term strategy to focus its activities on the clinical trial of BNC210 for the treatment of PTSD. For the half-year ended 31 December 2019 this segment was classified as discontinued operations.

Analysis of (Loss)/Profit for the Half-year from Discontinued Operations

The results of the discontinued operation (contract service business) included in the loss for the half-year ended 31 December 2019 are set out below.

	<u>Half-year ended</u> <u>31 Dec 2019</u>
	\$
(Loss) for the half-year from discontinued operations	
Revenue	2,381,728
Other income	395,230
	<hr/> 2,776,958
Expenses	(3,004,149)
(Loss) before tax	<hr/> (227,191)
Income tax benefit	34,326
(Loss) for the half-year from discontinued operations	<hr/> <hr/> (192,865)
<i>Cash flows from discontinued operations</i>	
Net cash inflows from operating activities	43,111
Net cash outflows from investing activities	(7,705)
Net cash flows	<hr/> <hr/> 35,406

NOTE 12: CASH FLOW INFORMATION

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	<u>Half-year ended</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
	\$	\$
Cash and cash equivalents:		
Continuing operations	5,739,547	8,611,154
Discontinued operations Included in a disposal group held for sale	-	777,032
	<hr/> 5,739,547	<hr/> 9,388,186

NOTE 13: FAIR VALUE OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The value of other financial assets and liabilities approximate their fair value. The following table gives information about how the fair values of these financial assets and liabilities are determined.

Financial Liabilities	Fair Value as at		Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December 2020 \$	30 June 2020 \$				
Contingent consideration	769,335	4,975,159	Level 3	Discounted cash flow	Discount rate of 25% (pre-tax) applied to milestone and royalty projections, probability adjusted revenue projections.	The lower the discount rate, the lower the value. The higher the milestone and royalty projections the higher value.

Contingent Consideration

During the year ended 30 June 2013, the Company acquired Eclipse Therapeutics, Inc (Eclipse) into its wholly owned subsidiary Bionomics, Inc. Part of the consideration are potential cash earn-outs to Eclipse security holders based on achieving late stage development success or partnering outcomes of the Eclipse asset that was acquired. This liability is recorded at fair value; information about the calculation of the fair value are set out above. Due to changes in the projected inputs, being the timing and quantum of expected cash outflow (based on the recent licensing agreement with Carina Biotech Pty Ltd) at 31 December 2020 the liability has decreased by \$4,205,824. This liability will only be settled when the Group receives income from achieving late stage development success or partnering outcomes of the asset acquired.

The carrying value of all other financial assets and liabilities approximate their fair value.

Reconciliation of Level 3 Fair Value Measurements

	<u>Half-year ended</u> <u>Contingent consideration</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
	\$	\$
Opening balance	4,975,159	9,799,033
Total (gain)/loss: recognised under "other gains or (losses)" in the Condensed Statement of Profit or Loss and Other Comprehensive Income	(4,205,824)	109,687
Closing balance	<u>769,335</u>	<u>9,908,720</u>

The carrying value of all other financial assets and liabilities approximate their fair value.

NOTE 14: SUBSEQUENT EVENTS

During January 2021, the Company engaged the services of an executive from Apeiron Investment Group Ltd (a related party), to assist management with fund raising and strategy.

On 9 February 2021 the Directors announced:

- A share placement of 110,287,132 fully paid ordinary shares had been arranged that will raise \$15,991,634. As at the date of this report \$12,080,486 has been received.
- Following completion of the placement, the Company will commence an Entitlement Offer allowing eligible shareholders the opportunity to acquire new shares at the same price.

As approved by shareholders at the general meeting held on 26 August 2020, once the fully paid ordinary shares have been issued for the above placement, the Company will be issuing 150,000,000 warrants to

Apeiron Investment Group Ltd to subscribe for shares at \$0.06 per share at any time within 36 months of 26 August 2020.

There are other no matters or circumstances that have arisen since 31 December 2020 that has significantly affected or may affect the consolidated entity's operations, the results of those operations or the state of affairs in future financial years.

NOTE 15: Restatement of comparative information

The financial statements for the year ended 30 June 2020 contained a restatement. Details about the restatement were contained in the year ended 30 June 2020 notes to financial statement. For the half-year ended 31 December 2020, the only comparatives that need to be restated are in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and in the Condensed Statement of Changes in Equity as the comparatives in the Condensed Consolidated Statement of Financial Position are as at 30 June 2020. Details about the restatements are set out below:

- (i) Following an amendment to the US bank loan facility that occurred during fourth quarter of the 2020 financial year, management became aware that the final payment as required by the loan facility agreement had not been accounted for appropriately; this has resulted in an understatement of accumulated losses of \$1,199,077 as at 30 June 2019, an understatement of the loss for the half-year ended 31 December 2019 of \$289,635.
- (ii) Following a review of the presentation of the change in fair value of contingent consideration that occurred during the preparation of the 2020 financial report, management identified that this change should have been presented as a separate item in the statement of profit or loss and other comprehensive income; this has resulted in a change in the classification as shown in the table below. This reclassification has no impact on the overall loss for the half-year ended 31 December 2019.

Prior half-year comparatives in the financial reports have been restated to reflect these adjustments and are summarised in the table below by line item:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract)

	Half-year ended 31 December 2019			
	As previously reported \$	Impact of change in reclassification \$	Impact of final payment restatement \$	Restated \$
Continuing operations				
Other gains and losses	(72,667)	(109,687)	-	(182,354)
Expenses				
Administration expenses	(2,047,799)	16,851	2,373	(2,028,575)
Finance expenses	(844,628)	92,836	(292,008)	(1,043,800)
Loss before tax	(6,315,687)	-	(289,635)	(6,605,322)
Loss from continuing operations	(6,217,687)	-	(289,635)	(6,506,799)
Loss for the period	(6,410,029)	-	(289,635)	(6,699,664)
Total comprehensive loss	(6,363,611)	-	(289,635)	(6,653,246)

NOTE 16: IMPACT OF COVID-19

The Board and management have considered the impact of Covid-19 on the consolidated entity's operations and financial performance and have noted that this has not had a significant impact to date and Bionomics' business has been resilient. The consolidated entity's main financial impact from Covid-19 has been an increase in other income of \$171,500 in relation to receipt of government assistance through the Cash Flow Boost and Jobkeeper payments.

In preparing the consolidated half-year financial report, management has considered the impact of Covid-19 on the various balances in the half-year financial report, including the carrying values of assets, as well as balances and accounting estimates for which cash flow forecasts are required to be prepared, such as the impairment assessment of goodwill and other intangible assets. Management determined that there was no significant impact of Covid-19 on these balances and accounting estimates.

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BIONOMICS LIMITED
Directors' Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



Errol De Souza
Executive Chairman

Adelaide, 26 February 2021



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Independent auditor's review report to the members of Bionomics Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Bionomics Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

The Ernst & Young logo features the company name in a stylized, handwritten font. The 'E' and 'Y' are significantly larger and more prominent than the other letters. Below the signature, the words 'Ernst & Young' are printed in a standard sans-serif font.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Nigel Stevenson', written over the printed name.

Nigel Stevenson

Partner
Adelaide

26 February 2021

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