

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

INHALERX LIMITED

**ABN**

90 611 845 820

**Quarter ended ("current quarter")**

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(66)	(337)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(23)	(67)
(d) leased assets		
(e) staff costs	(15)	(147)
(f) administration and corporate costs	(138)	(458)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	-	(37)
81. Income taxes paid 6		
1.7 Government grants and tax incentives	-	763
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(242)</b>	<b>(279)</b>
1.8 Ot		
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	-	-

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities	28	228
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	-	(546)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>28</b>	<b>(318)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	331	714
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(242)	(279)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	28	(318)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>117</b>	<b>117</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	104	318
5.2	Call deposits	13	13
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>117</b>	<b>331</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	73
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Payments to related parties and their associates include the following:-

- \$15K paid as salary and fees to key management personnel (excluding GST);and
- \$7K paid in directors fees (excluding GST).
- \$7K paid to James Barries for company secretary fees to James Barrie (excluding GST)
- \$44KK paid in relation to research and development (excluding GST)

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	500	228
7.2 Credit standby arrangements		
7.3 Other (please specify)		0
7.4 <b>Total financing facilities</b>	500	272
7.5 <b>Unused financing facilities available at quarter end</b>		272
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>On 27 March 2024, the company signed a loan agreement with a principal value of \$500,000 with the following key terms:-</p> <ul style="list-style-type: none"> <li>• \$250,000 is payable at upon execution and balance is payable six months after the initial disbursement;</li> <li>• the debt will carry an interest rate of 10% per annum, accruing from the date of disbursement or drawdown, to be capitalised, with repayment at completion of the loan term;</li> <li>• the loan has a 2 year term from the initial disbursement, but may be repaid earlier at the company's election;</li> <li>• at any point during the term of the loan, the lender shall have the option to convert any portion of the outstanding principal and accrued interest into ordinary shares of the company at a conversion price of \$0.05 per share or the 30-day VWAP, whichever is the lower; and</li> <li>• the lender will also be issued options to purchase ordinary shares of InhaleRx. The number of options issued will be equal to the number of ordinary shares into which the loan is convertible at the conversion price. The options will have an exercise price of \$0.05 per ordinary share and will be exercisable for a period co-terminous with the loan term.</li> </ul>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(242)
8.2 Cash and cash equivalents at quarter end (item 4.6)	117
8.3 Unused finance facilities available at quarter end (item 7.5)	272
8.4 Total available funding (item 8.2 + item 8.3)	389
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.64
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

The Company expects the current level of net operating cash flows to continue for the time being, with the exception of its R&D expenditure which will be funded via separate funding agreement (refer 8.6.2 below).

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Since the end of the quarter, the Company has received an additional \$163k of loans under the facility outlined in section 7.6 above.

On 2 October 2024, the Company announced it had issued shares to its CEO in lieu of \$99,900 of accrued salary. The announcement also advised the Directors had similarly agreed to settlement of 50% of their accrued fees in shares, subject to shareholder approval at a General Meeting to be held on 28 November 2024. This will result in available cash being prioritised to business operations and is expected to continue in the near-term.

The Company also announced on 18 October 2024 it had secured up to \$38.5m of funding to cover all direct costs associated with the Phase 1 & 2 clinical development of the Company's key projects, IRX-211 and IRX-616a.

On 23 October 2024, the Company announced it had received Conversion Notices from lenders under the loan facility outlined in section 7.6 above representing \$401,000 of the \$500,000 total facility, along with accrued interest of \$12,307. 17,969,880 ordinary shares of the Company were issued, discharging \$413,307 of principal and interest liability that would otherwise have been payable in cash.

The Company continues to evaluate additional capital management opportunities to raise additional capital for corporate costs and other working capital requirements

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company expects to continue its operations and to meet its business objectives. Securing funding for the clinical trials was a significant milestone in what is a challenging capital markets environment, and it remains confident in its ability to secure additional capital as required.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by: The Board of the Company  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.