



ABN 53 075 582 740

ASX ANNOUNCEMENT
29 OCTOBER 2021

2021 Annual Report

In accordance with s319 of the Corporations Act 2001 and Listing Rule 4.5, Bionomics Limited (ASX:BNO, OTCQB:BNOEF) (**Bionomics** or **Company**), a clinical-stage biopharmaceutical company, submits its 2021 Annual Report for release to the market.

Released on authority of the Executive Chairman

FOR FURTHER INFORMATION PLEASE CONTACT:

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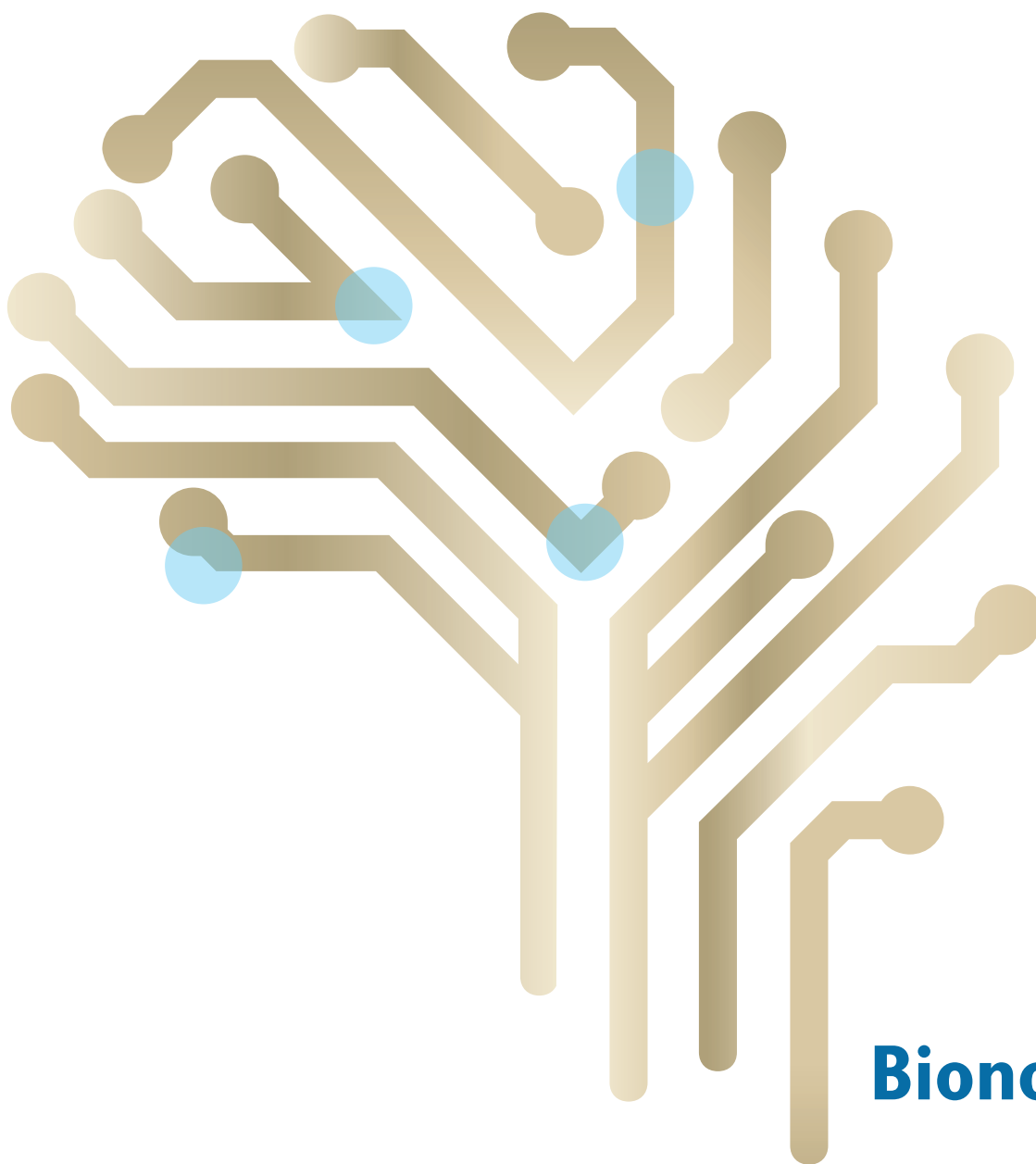
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About Bionomics Limited

Bionomics (ASX:BNO, OTCQB:BNOEF) is a clinical-stage biopharmaceutical company developing novel, allosteric ion channel modulators designed to transform the lives of patients suffering from serious central nervous system (CNS) disorders with high unmet medical need. Bionomics is advancing its lead product candidate, BNC210, an oral proprietary selective negative allosteric modulator of the $\alpha 7$ nicotinic acetylcholine receptor, for the acute treatment of Social Anxiety Disorder (SAD) and chronic treatment of Post-Traumatic Stress Disorder (PTSD). Beyond BNC210, Bionomics has a strategic partnership with Merck & Co., Inc (known as MSD outside the United States and Canada) with two drugs in early-stage clinical trials for the treatment of cognitive deficits in Alzheimer's disease and other central nervous system conditions.

www.bionomics.com.au

2021 BIONOMICS ANNUAL REPORT



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EXECUTIVE CHAIRMAN'S REPORT

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DEAR SHAREHOLDERS



FY2021 REPRESENTS ONE OF THE MOST SIGNIFICANT YEARS IN BIONOMICS' HISTORY, IN WHICH WE TURNED THE COMPANY AROUND AND PUT IT ON A TRAJECTORY TO REALISE VALUE FOR OUR SHAREHOLDERS. THIS WAS ACHIEVED BY MAKING PROGRESS ON THE CLINICAL DEVELOPMENT FRONT, RAISING SIGNIFICANT CAPITAL TO FUND OUR PIPELINE, ELIMINATING THE FINANCING OVERHANG AND CLEANING UP OUR BALANCE SHEET BY PAYING OFF ALL DEBTS AND ATTRACTING ADDITIONAL INTERNATIONAL INSTITUTIONAL INVESTMENT. SOME BACKGROUND, HIGHLIGHTS AND DETAILS OF OUR PROGRESS IN FY2021, ALONG WITH OUR OUTLOOK FOR FY2022, ARE PROVIDED BELOW.

We are advancing our lead product candidate, BNC210, an oral, proprietary, selective negative allosteric modulator of the $\alpha 7$ nicotinic acetylcholine receptor, for the acute treatment of Social Anxiety Disorder ("SAD") and chronic treatment of Post-Traumatic Stress Disorder ("PTSD"). There remains a significant unmet medical need for the over 22 million patients in the United States alone suffering from SAD and PTSD. There have been no new U.S. Food and Drug Administration ("FDA") approved therapies in these indications in nearly two decades. Current pharmacological treatments include certain antidepressants and benzodiazepines, and these existing treatments have multiple shortcomings, such as the slow onset of action of antidepressants, and significant side effects of both classes of drugs. BNC210 has been observed in clinical trials to have a fast onset of action and has been observed to have anti-anxiety and antidepressant effects without the limiting side effects seen with the current standard of care treatments.

In FY2019 and FY2020, we developed a novel, proprietary tablet formulation of BNC210 which has shown rapid absorption characteristics in clinical trials (reaching maximal concentrations in the blood between 45 to 105 minutes), making it potentially ideal for acute, or on demand, treatment of SAD. Furthermore, the tablet formulation is designed to provide patients the convenience of taking BNC210 with or without food in the real-world setting. In a clinical trial reported in February 2021, the tablet formulation achieved a target blood exposure which we believe can provide clinically meaningful benefit for patients suffering from PTSD based on a previously reported pharmacometric blood exposure-response analysis. We are using this tablet formulation in our ongoing Phase 2b clinical trial for patients with PTSD and intend to use it in our planned Phase 2 clinical trial for patients with SAD. We have also received Fast Track designation from the FDA, a process




designed to facilitate the development and expedite the review, for our use of BNC210 in our PTSD program.

In July 2021, we initiated our Phase 2b PTSD clinical trial, which we refer to as the ATTUNE trial, evaluating BNC210 monotherapy treatment in approximately 200 patients and we expect top-line results from this trial in the first half of 2023. This ongoing trial is a one-to-one randomized, double-blind, placebo-controlled, parallel two-arm (placebo or BNC210 900 mg twice daily) 12-week treatment study that will assess the efficacy and safety of our newly developed tablet formulation of BNC210. The primary efficacy endpoint of this trial is the effect of BNC210 compared to placebo on baseline to endpoint change in Clinician Administered PTSD Scale ("CAPS")-5 total symptom severity scores after 12 weeks of treatment. In addition, several investigator and self-reported secondary efficacy endpoints related to symptom cluster severity scores for CAPS-5 and anxiety and depression measures, along with safety and tolerability endpoints will be reported.

In May 2021, we announced our plans to expand BNC210 to the acute treatment of SAD in addition to PTSD. In September 2021, we announced planning being on track to start a Phase 2 clinical trial of BNC210 for the acute treatment of SAD by end of 2021 targeting the large unmet medical need for this patient population. The rapid absorption profile of our novel tablet formulation provides the potential for on-demand use to treat symptoms of social anxiety which result from often predictable anxiety-provoking stressors, such as public speaking. The Phase 2 SAD trial protocol has been developed with input from Bionomics' Clinical Advisory Board members and will compare BNC210 to placebo on anxiety levels using the Subjective Units of Distress Scale ("SUDS") during an anxiety-provoking behavioural task following a single dose treatment with the study drug. Drug product has already been manufactured and

EXECUTIVE
CHAIRMAN'S REPORT

FOCUSED CNS PIPELINE WITH MEANINGFUL CATALYSTS ON THE HORIZON

PROGRAM	PRECLINICAL	PHASE 1	PHASE 2	PHASE 3	EXPECTED TIMING
BNC210 $\alpha 7$ nAChR* Negative Allosteric Modulator (NAM) 	Post-traumatic Stress Disorder (PTSD) 200 patients across ~25 centres in US 				Study Underway Top-line data: 1H'23
	Acute Social Anxiety Disorder (SAD) 150 patients across ~15 centres in US				P2 Commencement: YE21 Top-line data: YE22
	+MDMA derivative EMP-01 for PTSD Memorandum of Understanding with EmpathBio to explore combination treatment regimen for PTSD				Ongoing
 MERCK & CO. COLLABORATION $\alpha 7$ nAChR* Positive Allosteric Modulator (PAM)	2 candidates for cognitive deficits in Alzheimer's				Safety & biomarker studies ongoing
PAIN Nav1.7/Nav1.8 Inhibitors	Candidate				Ongoing
COGNITION Kv3.1/3.2 Activators	Series Lead				Ongoing

*nAChR = nicotinic acetylcholine receptor

study start-up activities are underway. It is anticipated that approximately 15 sites in the U.S. will be involved in the trial, recruiting approximately 150 patients suffering with SAD. We intend to submit an Investigational New Drug ("IND") application to the FDA in time for the commencement of the study by the end of this year, if the IND goes into effect with the FDA and expect top-line data by the end of 2022.

While BNC210 has taken most of the spotlight, and management focus, we continue to progress our other therapeutic candidates with external partners who fully fund the cost of clinical development. Our expertise and approach have been validated through our strategic partnership with Merck & Co. ("Merck", known as MSD outside the United States and Canada) for our $\alpha 7$ receptor positive allosteric modulator ("PAM") program, which targets a receptor that has garnered significant attention for treating cognitive deficits. This partnership enables us to maximize the value of our ion channel and chemistry platforms and develop transformative medicines for patients suffering from cognitive disorders

such as Alzheimer's disease. In June 2014, we entered into a research collaboration and license agreement with Merck ("2014 Merck License Agreement") to develop $\alpha 7$ receptor PAMs targeting cognitive impairment in conditions such as Alzheimer's disease and other central nervous system conditions. Under the 2014 Merck License Agreement, Merck is funding all research and development activities, including clinical development and worldwide commercialization of any products developed from the collaboration. We received an upfront payment of US\$20 million, and another US\$10 million in February 2017 when the first compound from the collaboration entered Phase 1 clinical trials and may receive up to an additional US\$465 million in research and milestone payments. The Merck collaboration currently includes two candidates which are PAMs of the $\alpha 7$ receptor that are in early-stage Phase 1 safety and biomarker clinical trials for treating cognitive impairment. The first compound has completed Phase 1 safety clinical trials in healthy subjects and there are ongoing plans for further biomarker studies. In 2020,

a second molecule that showed an improved potency profile in preclinical animal models was advanced by Merck under this collaboration into Phase 1 clinical trials.

FY2021 was a year in which we expanded our collaborations to leverage both our core assets such as BNC210 as well as our legacy oncology programs. In February 2021, Bionomics announced that it had entered into a Memorandum of Understanding with EmpathBio Inc ("EmpathBio"), a wholly owned subsidiary of Germany-based CNS clinical development company, atai Life Sciences ("atai"). Under the Memorandum of Understanding, Bionomics and EmpathBio proposed to collectively explore a combination drug treatment regimen with BNC210 and EmpathBio's 3,4-Methylenedioxymethamphetamine ("MDMA") derivative EMP-01. This collaboration could have the potential to further expand the market for BNC210 for the treatment of PTSD and may have the potential to reduce the intensive in-clinic behavioral therapy sessions that are currently used with MDMA treatment.

We have a portfolio of legacy clinical-stage oncology programs targeting cancer stem cells (BNC101) and tumor vasculature (BNC105) that we have progressed through external funding for clinical trials and out-licensing to capture future value for our shareholders. In November 2020, Bionomics announced that it had entered into an 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 humanized monoclonal antibody to LGR5, which is overexpressed in cancer stem cells within solid tumors including colorectal, breast, pancreatic, ovarian, lung, liver and gastric cancers and has the potential to guide CAR-T therapeutic development. Under this 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

In January 2021, we announced that a Phase 2 clinical trial of Bionomics' cancer drug candidate, BNC105, in

combination with Bristol-Myers Squibb's nivolumab (OPDIVO®) completed recruitment of patients with metastatic colorectal cancer. The trial, MODULATE, was sponsored by the Australasian Gastro-Intestinal Trials Group ("AGITG") and supported by Bristol-Myers Squibb. It was conducted at 16 clinical oncology sites around Australia. Preliminary data communicated to Bionomics from AGITG suggest that the combination treatment of BNC105 and nivolumab was well-tolerated and demonstrated anti-tumour activity with encouraging increases in Overall Survival but did not meet the high hurdle of Response Rate in this small cohort of patients. Ongoing laboratory studies are examining the impact of the treatment combination on the tumour microenvironment. We thank AGITG and patients who participated in this trial.

The past year was particularly significant on the financing front in that we raised significant capital to not only fully fund our BNC210 PTSD Phase 2b trial but also to clean up our balance sheet and fully retire all our debt. Furthermore, we saw significant appreciation in our stock price. Over the course of the past twelve months, with the successful completion of various capital raises through share placements and rights offerings, we achieved our goal of enabling Bionomics to effectively prosecute on its long-term growth strategy.

During the period, Bionomics completed the raising of approximately \$44 million in gross proceeds from the issuance of new shares through various share placements and rights offerings with approximately 380 million new shares being issued in aggregate. Additionally, Bionomics issued 150 million warrants to Apeiron Investment Group Ltd ("Apeiron") as part of Apeiron satisfying the condition of its underwriting obligations and successfully underwriting a placement exceeding the \$15 million minimum.

As a result of these equity financing activities, Bionomics was able to successfully prepay the entirety of its approximately \$6.2 million outstanding external debt obligations, resulting in the termination of all commitments and obligations under any loan agreements.

Our cash position and financial outlook was significantly strengthened over the past year. From a cash balance at 30 June 2020 of \$4.6 million, the cash balance moved to \$28.5 million at 30 June 2021. There was no consolidated revenue from continuing operations for the year ended 30

EXECUTIVE CHAIRMAN'S REPORT

June 2021 compared to \$46,946 at 30 June 2020. Other income from continuing operations for the year ended 30 June 2021 was \$1.3 million compared to \$3.3 million at 30 June 2020. The reduction in other income from continuing operations primarily relates to a decrease in government research and development incentives. The operating loss after tax from continuing operations of Bionomics for the year ended 30 June 2021 was \$8.7 million compared with the prior year after tax loss from continuing operations of \$5.8 million.

Over the past year, we have had several changes to our Board of Directors (the "Board") and have strengthened our management team. Under the Subscription Agreement entered into with Apeiron in June 2020, Apeiron may appoint two directors to the Board, subject to retaining minimum shareholding requirements. Mr Aaron Weaver is Apeiron's first nominee, appointed to the Board from 6 July 2020. Dr Srinivas Rao, Apeiron's second nominee, was appointed to the Board from 1 October 2020 and retired 30 June 2021 and was replaced by Mr Miles Davies effective from 1 July 2021. Mr Peter Turner, who has served as an independent director on the Board since June 2016, announced his retirement from the Board at our November 2020 annual general meeting. We appointed to the Board from 1 October 2020 Melbourne-based Dr Jane Ryan who has a strong background and experience at the board and executive level in business development and partnering, capital raising, M&A, corporate governance and ASX and Nasdaq reporting. We look forward to working with the renewed Board to guide the company in the years to come.

We have strengthened our management team with the addition of Mr Connor Bernstein, our Vice President of Strategy & Corporate Development in April 2021, who brings 10 years of advisory and investment banking experience working with life sciences companies focused on raising capital and M&A strategic advisory. At the beginning of August 2021, we added Ms Brooke Connell, a senior Australian and New York qualified corporate lawyer, with a focus on equity capital markets and corporate transactions as our interim General Counsel replacing Mr Jack Moschakis who sadly passed away in March 2021.

I wish to finish by acknowledging the collective effort of our strong, experienced board and leadership team, and indeed every person at Bionomics, all of whom have worked with energy and purpose to deliver on our goal to develop a pipeline of best-in-class, novel drug candidates

focused on disorders of the central nervous system. We have had the opportunity to turn the company around over the past two years and remain convinced that our lead drug candidate, BNC210, can ultimately prove to be effective against PTSD and can expand into other anxiety related indications such as SAD. I look forward to continuing my role as Executive Chairman to guide Bionomics in the coming year to build value for patients, employees and most of all, shareholders.



Yours faithfully
Errol De Souza
Executive Chairman

BOARD OF DIRECTORS



DR ERROL DE SOUZA PhD

EXECUTIVE CHAIRMAN

Dr De Souza is a leader in the development of therapeutics for treatment of central nervous system (CNS) disorders. He has substantial experience as an executive in the biopharmaceutical industry, having founded companies (Neurocrine Biosciences Inc.) and served as President and CEO of several public (Biodel Inc.; Synaptic Pharmaceutical Corp.) and private (Archemix Corp. and Neuropore Therapies Inc.) biotech companies. Dr De Souza has raised several hundred million dollars in capital in private and public sectors and has taken companies public (Neurocrine Biosciences IPO) and sold companies (Synaptic sale to Lundbeck) to provide liquidity and build shareholder value. Over Dr De Souza's career, he has served in a number of high-ranking R&D roles, including SVP and US head of R&D for Aventis (1998-2002), co-founder and EVP of R&D at Neurocrine (1992-1998) and Head of CNS at DuPont Merck (1990-1992). Dr De Souza has served on multiple editorial boards, National Institutes of Health (NIH) Committees and is currently a Director of several public and private companies and currently serves as a member of the board of directors of Catalyst Biosciences, Inc (CBIO), Cycleron Therapeutics (CYCN) and Royalty Pharma plc (RPRX). He has previously served on the board of directors of several public companies including IDEXX Laboratories (IDXX), Neurocrine Biosciences (NBIX), Palatin Technologies (PTN) and Synaptic Pharmaceuticals (SNAP).



MR DAVID WILSON

NON-EXECUTIVE DIRECTOR

Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years experience in investment banking in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head of Small Companies Corporate Broking. Mr Wilson was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for ~\$400m as well as a Non-Executive Director of BerGenBio AS.



MR ALAN FISHER BCom, FCA, MAICD

NON-EXECUTIVE DIRECTOR

Mr Fisher is an experienced corporate advisor and public company director. He has a proven track record for implementing strategies that enhance shareholder value. His main areas of expertise include mergers and acquisitions, public and private equity raisings, business restructuring and strategic advice.

**MR MITCHELL KAYE BA, JD****NON-EXECUTIVE DIRECTOR**

Mr Kaye is the Head of Business Development and Strategy for Deep Track Capital, a Greenwich, CT. based biotechnology investment firm. He is also the Founder and Chief Exploration Officer for Sabbatical Ventures, LLC, an investment and advisory firm which focuses on investing in seed-stage companies. Most recently Mr Kaye served as Senior Advisor to Boston-based High Vista Strategies, an endowment-style investment firm, on the launch of High Vista's multi-manager biotechnology platform. Prior to his engagement with High Vista, Mr Kaye served as Chief Operating Officer and Head of Marketing for San Francisco-based BVF Partners (2013-2019), a leading biotechnology investment fund. Mr Kaye founded and ran MedClaims Liaison, a direct-to-consumer health insurance advocacy firm (2010-2013). He started his career by co-founding Brown Simpson Asset Management, and its successor firm, Xmark Opportunity Partners, where he served as Co-CIO and CIO, respectively (1996 – 2010). He has significant experience as a senior executive specialising in fundraising, client relations, transactions, investments, operations and talent acquisitions. Mr Kaye holds a Juris Doctorate from Northwestern University School of Law and a Bachelor of Arts from Wesleyan University.

**MR AARON WEAVER CFA, LLM****NON-EXECUTIVE DIRECTOR**

Mr Weaver is a Principal at Apeiron Investments, focused on the life sciences and technology sector. From 2013 - 2017, he was an investment banker at Credit Suisse Group AG in London within the Capital Markets Solutions team, advising on capital structuring and issuances for a full spectrum of corporate issuers from pre-revenue companies to public listed companies. He was a capital markets solicitor at Allen & Overy LLP, London from 2007 - 2013. Mr Weaver currently serves on the board of Bionomics as Apeiron's nominee. He holds a Master of Law from the Queensland University. He is a Chartered Financial Analyst (CFA) and a registered solicitor in the United Kingdom.

**DR JANE RYAN PhD, MAICD****NON-EXECUTIVE DIRECTOR**

Dr Ryan has over 30 years of international experience in the pharmaceutical and biotechnology industries having worked in Australia, US and UK. She has held senior executive roles in management of research and development programs as well as business development and alliance management. Throughout her career, she has led many successful fundraising campaigns and licensing initiatives including the awarding of a \$230m US Government contract.

**MR PETER MILES WINSTON DAVIES (MILES DAVIES)****NON-EXECUTIVE DIRECTOR**

Mr Davies is a 15-year veteran of the financial services industry with deep multi-sector and multi-function experience. He has a proven track record in advising private and public company Boards of Directors and shareholders of businesses that range in Enterprise Value size of \$100m to \$5bn. He has completed numerous M&A transactions across a variety of sectors including healthcare, along with strong experience in capital raising and restructuring opportunities during his time at Rothschild & Co. Mr Davies is currently an Investment Professional at Apeiron Investment Group Ltd and is Chief Business Officer for Leaf4Life Inc.



MR ADRIAN HINTON BEc, FCA
CHIEF FINANCIAL OFFICER (ACTING)

Mr Hinton has had a long career with Deloitte (Adelaide) of over 43 years, retiring 24 July 2018 as Principle in the Audit and Assurance Group. He was responsible for managing the audit services to various Adelaide based public and private companies. His experience has given Mr Hinton a broad-based knowledge of contemporary accounting and audit issues inclusive of experience in working with a wide range of clients in different industries, from listed entities, private corporations to major subsidiaries of multinational listed companies, covering consumer, agriculture, retail, manufacturing, automotive, biopharmaceutical and resources sectors. Mr Hinton's experience is currently benefited by being on the Boards of The Multiple Sclerosis Society of South Australia and Northern Territory Inc, Carers Australia of SA Inc and Australia PNG Alliance Group Pty Ltd. Mr Hinton also volunteers his time and skill set to aiding community groups both locally and internationally.



MS ELIZABETH DOOLIN MSc (Hons)
VICE PRESIDENT CLINICAL DEVELOPMENT

Ms Doolin has over 25 years international experience in drug discovery, clinical and life sciences research. She joined Bionomics Limited in 2008 to lead the early clinical development program for BNC210, a small molecule with therapeutic potential for anxiety disorders, and trauma and stressor-related disorders including PTSD. Ms Doolin currently leads Bionomics' clinical programs across central nervous system disorders and oncology, including three novel investigational drugs in Phase 1 and 2 clinical development. In addition to her extensive clinical research experience in Australia, Ms Doolin has a strong immunology and biotechnology research background, as well as biopharmaceutical development and GMP manufacturing experience, gained in New Zealand and the UK.



MR CONNOR BERNSTEIN MSc
VICE PRESENT STRATEGY AND CORPORATE DEVELOPMENT

Mr Bernstein brings 10 years of strategic and investment banking experience working with companies in the life sciences sector focused on raising capital and M&A strategic advisory. He currently serves as an investment professional at Apeiron Investment Group. Previously, he served in roles leading Corporate Development and Investor Relations at Circumvent Pharmaceuticals and Link Immunotherapeutics. Prior to that, he held Healthcare Investment Banking roles at leading firms including RBC Capital Markets, Perella Weinberg Partners, Guggenheim Securities and Piper Jaffray.

DIRECTORS' REPORT

In accordance with the *Corporations Act 2001*, the directors of Bionomics Limited ("Company") report on the Company and the consolidated entity, being the Company and its controlled entities ("Group"), for the year ended 30 June 2021 ("the year" or "the period").

Directors

The following persons were directors of Bionomics during the period and up to the date of this report:

- Dr Errol De Souza, Executive Chairman
- 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
- Mr Miles Davies, Non-Executive Director from 1 July 2021
- Dr Srinivas Rao, Non-Executive Director from 1 October 2020, resigned on 30 June 2021
- Mr Peter Turner, Non-Executive Director from 16 June 2016, retired on 20 November 2020

Except as noted, the above named Directors held their current positions for the whole of the financial year and since the end of the financial year.

Principal Activities

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

Operating Results

Consolidated revenue from continuing operations for the year ended 30 June 2021 decreased by \$46,662 to \$Nil from the prior corresponding year. Other income from continuing operations for the year ended 30 June 2021 decreased by 60.5% to \$1,308,343 from \$3,312,753 in the previous year. This reduction mainly relates to the reduced Research and Development ("R&D") Tax Incentive. Other gains and losses from continuing operations for the year ended 30 June 2021 decreased by 6.6% to \$4,272,931 from \$4,575,881 in the previous year. This reduction mainly relates to a reduced gain in fair value of the contingent consideration liability offset by an increase in net realised and unrealised foreign exchange gain. Overall revenue, other income, and other gains and losses decreased by 29.7% from \$7,935,296 in the prior year to \$5,581,274 for the year ended 30 June 2021.

The operating loss after tax from continuing operations for the year ended 30 June 2021 was \$8,697,037 compared with the prior year after tax loss of \$5,818,975. The increase in the loss is mainly due to the decrease in revenue, other income, and other gains and losses from continuing operations that has occurred during the year ended 30 June 2021.

During the prior year, the Company completed the sale of its two wholly owned French subsidiaries, which carried out all the Group's contract service business; the loss for the year ended 30 June 2020 from this discontinued operation was \$1,299,313. This takes the overall Group loss for the year ended 30 June 2020 to \$7,118,288 compared to an overall loss for the year ended 30 June 2021 of \$8,697,037.

The cash position at 30 June 2021 was \$28,499,449 with restricted cash of \$554,640 classified as other financial assets (2020: restricted cash of \$436,174).

Review of Operations

Bionomics is a clinical stage biopharmaceutical company developing novel, allosteric ion channel modulators designed to transform the lives of patients suffering from serious central nervous system ("CNS") disorders with high unmet medical need.

Ion Channel Expertise to Drive Growth

Ion channels serve as important mediators of physiological function in the CNS and the modulation of ion channels influences neurotransmission that leads to downstream signalling in the brain. The $\alpha 7$ nicotinic acetylcholine ("ACh") receptor (" $\alpha 7$ receptor") is an ion channel that plays an important role in driving emotional responses and cognitive performance. Utilising our ion channel and chemistry platform, coupled with our allosteric modulation approach, we are developing orally active small molecule negative allosteric modulators ("NAMs") and positive allosteric modulators ("PAMs") of the $\alpha 7$ receptor to treat anxiety related and cognitive disorders, respectively.

BNC210 Pipeline Expansion and Continued Advancement

Bionomics is advancing its lead product candidate, BNC210, an oral, proprietary selective NAM of the $\alpha 7$ receptor, for the acute treatment of Social Anxiety Disorder ("SAD") and chronic treatment of Post-Traumatic Stress Disorder ("PTSD"). During the period, Bionomics announced that as part of its broader pipeline expansion strategy and based on anti-anxiety efficacy signals in Generalised Anxiety Disorder ("GAD") patients, it would proceed with evaluating BNC210 as an acute treatment in SAD. Additionally, Bionomics continued to make advancements in the ongoing development of BNC210 in PTSD with the start of its planned Phase 2b ATTUNE Study. The ATTUNE study follows an earlier announcement of positive pharmacokinetic ("PK") results from a 7-day dosing study in healthy volunteers using the newly developed solid dose oral tablet formulation of BNC210.

In July 2021, Bionomics initiated its Phase 2b ATTUNE trial, a randomised, placebo-controlled study to evaluate BNC210 for the treatment of PTSD and it expects to have top-line data in the first half of 2023. The Company's expertise and approach have been validated through its strategic partnership with MSD (known as Merck in the United States and Canada) for

our $\alpha 7$ receptor PAM program, which targets a receptor that has garnered significant attention for treating cognitive deficits. This partnership enables Bionomics to maximise the value of its ion channel and chemistry platforms and develop transformative medicines for patients suffering from cognitive disorders such as Alzheimer's disease.

Novel Approach in Large Market Opportunity with Significant Unmet Need

There remains a significant unmet medical need for the over 22 million patients in the United States alone suffering from SAD and PTSD. Current pharmacological treatments include certain antidepressants and benzodiazepines, and there have been no new Food and Drug Administration ("FDA") approved therapies in these indications in nearly two decades. These existing treatments have multiple shortcomings, such as a slow onset of action of antidepressants, and significant side effects of both classes of drugs. BNC210 has been observed in clinical trials to have a fast onset of action, and demonstrated anti-anxiety and antidepressant effects but without many of the limiting side effects observed with the current standards of care for SAD and PTSD, including benzodiazepines, selective serotonin reuptake inhibitors ("SSRIs") and serotonin and norepinephrine reuptake inhibitors ("SNRIs").

Strong Ongoing Collaboration with MSD

Bionomics' collaboration with MSD for therapeutic candidates for the treatment of cognitive dysfunction in Alzheimer's disease and other conditions continues to progress through clinical development.

In June 2014, the Company entered into a research collaboration and license agreement with MSD to develop $\alpha 7$ receptor PAMs targeting cognitive impairment in conditions such as Alzheimer's disease, Parkinson's disease, schizophrenia and attention deficit hyperactivity disorder ("ADHD"). Under the 2014 agreement, MSD is funding all research and development activities, including clinical development and worldwide commercialisation of any products developed from the collaboration. The Company received an upfront payment of US\$20 million at the inception of the collaboration, and another US\$10 million in February 2017 when the first compound from the collaboration entered Phase 1 clinical trials and may receive up to an additional US\$476 million in development and commercialisation milestone payments (US\$506 million in total) in addition to royalties from sales of the product(s).

The MSD collaboration currently includes two candidates that are in early-stage Phase 1 safety and biomarker clinical trials for treating cognitive impairment. The first compound has completed Phase 1 safety clinical trials in healthy subjects and there are ongoing plans for further biomarker studies. In 2020, a second molecule that showed an improved

potency profile in preclinical animal models was advanced by Merck under this collaboration into Phase 1 clinical trials.

Leveraging Value of Legacy Oncology Assets

Bionomics continued limited activities to maximise the value of our legacy oncology programs BNC101 and BNC105 through external funding of clinical development and divestment/out-licensing.

The Company entered into an exclusive agreement to license its 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 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 is obligated to 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.

An experimental Phase 2 clinical trial of Bionomics' cancer drug candidate, BNC105, in combination with Bristol-Myers Squibb's nivolumab (OPDIVO®) completed recruitment of patients with metastatic colorectal cancer. The trial, MODULATE, was sponsored by the Australasian Gastro-Intestinal Trials Group ("AGITG") and supported by Bristol-Myers Squibb. It was conducted at 16 clinical oncology sites around Australia. Preliminary data communicated to Bionomics from the sponsor suggest that the combination treatment of BNC105 and nivolumab was well-tolerated and demonstrated anti-tumour activity with encouraging increases in Overall Survival ("OS") [Median OS of 7.5 months (95% Confidence Interval: 4.6-1.9)] but did not meet the high hurdle of Response Rate ("RR") in this small cohort of patients. Ongoing studies are examining the impact of the treatment combination on the tumour micro environment.

Financing Activities

The Company began the period with the goal of raising sufficient capital to ensure it could fund the advancement of BNC210 through to completion of the Phase 2b ATTUNE clinical trial in PTSD and other anxiety and stress-related disorders. Over the course of the past twelve months, with the successful completion of various capital raises through share placements and rights offerings, it has achieved this goal enabling the Company to effectively prosecute its long-term growth strategy.

During the period, the Company completed the raising of approximately \$44 million in gross proceeds from the issuance of new shares through various share placements and rights offerings with approximately 380 million new shares being issued in aggregate. Additionally, the Company issued 150 million warrants to Apeiron Investment Group Ltd ("Apeiron") as part of Apeiron satisfying the condition of its underwriting obligations and successfully underwriting a placement exceeding the \$15 million minimum.

As a result of the equity financing activities, the Company was able to successfully repay during April 2021, the entirety of its \$6.2 million outstanding external debt obligations resulting in the termination of all commitments and obligations under its loan agreements.

Outlook

Bionomics expects to initiate activities in Q3 CY2021 to finalise the trial design, engage a clinical research organisation and submit the requisite regulatory filings necessary for initiation of BNC210 acute treatment of SAD; the timings related to start and completion of the trial will be disclosed in this time period.

Bionomics announced its plans to conduct a registered initial public offering of American Depositary Shares ("ADSs") in the United States and a concurrent listing of ADSs on Nasdaq. The number of ADSs and price of the proposed offering have not yet been determined. The proposed offering is expected to commence after the U.S. Securities and Exchange Commission completes its review process of a registration statement relating to the proposed offering ("the Registration Statement") that the company intends to file, and subject to market and other conditions, including the effectiveness of the Registration Statement and shareholder approval under Australian Securities Exchange ("ASX") Listing Rule 7.1. Each ADS would represent a certain number of fully paid ordinary shares in Bionomics. No final decision has been made in respect of the Nasdaq listing and there can be no assurance as to the occurrence, timing or completion of such a listing. Following any Nasdaq listing Bionomics shares would continue to trade on ASX.

Bionomics advised that it is expecting to propose, in connection with and prior to any such U.S. public offering, to make a capital distribution representing an economic interest in the net after tax royalty payments (if any), received by the Company under its exclusive Research Collaboration and License Agreement with MSD relating to BNC375 and related compounds. This capital distribution will be distributed as a financial asset, on a per share basis, to shareholders holding Bionomics shares on a record date to be set prior to the proposed U.S. public offering. The precise form of the financial asset is yet to be determined. The Company expects that the distribution, should it take

place, would be implemented by an equal capital reduction and a scheme of arrangement, requiring shareholder and court approvals. Bionomics will advise further information concerning the distribution in due course. There is no certainty that the distribution will take place.

Dividends

The directors do not propose to make any recommendation for dividends for the current financial year. There were no dividends declared in respect of the previous financial year.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial year.

Subsequent Events

Details about subsequent events are disclosed in Note 34 to the Financial Statements.

Impact of COVID-19

Details about the impact of COVID-19 are disclosed in Note 35 to the Financial Statements.

Likely Developments and Expected Results of Operations

The Group will continue to undertake drug and clinical development and will seek to commercialise the outcomes.

Environmental Regulation

The Group is subject to environmental regulations and other licenses in respect of its facilities in Australia. The Group is subject to regular inspections and audits by responsible State and Federal authorities. The Group was in compliance with all the necessary environmental regulations throughout the year ended 30 June 2021 and no related issues have arisen since the end of the financial year to the date of this report.

INFORMATION ON DIRECTORS

Dr ERROL DE SOUZA PhD

Executive Chairman from 12 November 2018

Non-Executive Director appointed 28 February 2008

Experience and Expertise

Dr De Souza is a leader in the development of therapeutics for treatment of central nervous system (CNS) disorders. He has substantial experience as an executive in the biopharmaceutical industry, having founded companies (Neurocrine Biosciences Inc.) and served as President and CEO of several public (Biodel Inc.; Synaptic Pharmaceutical Corp.) and private (Archemix Corp. and Neuropore Therapies Inc.) biotech companies. Dr De Souza has raised several hundred million dollars in capital in private and public sectors and has taken companies public (Neurocrine Biosciences IPO) and sold companies (Synaptic sale to Lundbeck) to provide liquidity and build shareholder value. Over Dr De Souza's career, he has served in a number of

high-ranking R&D roles, including SVP and US Head of R&D for Aventis (1998-2002), co-founder and EVP of R&D at Neurocrine (1992-1998) and Head of CNS at DuPont Merck (1990-1992).

Dr De Souza has served on multiple editorial boards, National Institutes of Health (NIH) Committees and is currently a Director of several public and private companies and currently serves as a member of the board of directors of Catalyst Biosciences, Inc. (CBIO), Cycleron Therapeutics (CYCN) and Royalty Pharma plc (RPRX). He has previously served on the board of directors of several public companies including IDEXX Laboratories (IDXX), Neurocrine Biosciences (NBIX), Palatin Technologies (PTN) and Synaptic Pharmaceuticals (SNAP).

Current Directorships (in addition to Bionomics Limited)

Listed companies: Director of Catalyst Biosciences Inc. (NASDAQ: CBIO), Cycleron Therapeutics (NASDAQ:CYCN) and Royalty Pharma plc. (NASDAQ: RPRX).

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Executive Chairman

Interests in Shares and Options at Date of Report

366,698 ordinary shares in Bionomics Limited
12,500,000 unlisted options over ordinary shares in Bionomics Limited

MR DAVID WILSON

Non-Executive Director
Appointed 16 June 2016

Experience and Expertise

Mr Wilson is Chairman and founding partner of WG Partners and has over 30 years experience in investment banking in the City of London. Previously Mr Wilson was CEO of Piper Jaffray Ltd, where he also served as Global Chairman of Healthcare and on the Group Leadership Team. Mr Wilson has held senior positions at ING Barings as Joint Head of UK Investment Banking Group, Deutsche Bank as Head of Small Companies Corporate Finance and UBS as Head of Small Companies Corporate Broking. Mr Wilson was previously Senior Independent Director of Optos plc prior to its successful sale of Nikon Corporation for approximately \$400m as well as a Non-Executive Director of BerGenBio AS.

Current Directorships (in addition to Bionomics Limited)

Nil

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Member of the Audit and Risk Management Committee
Chair of the Nomination and Remuneration Committee

Interests in Shares and Options at Date of Report

251,939 ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

MR ALAN FISHER BCom, FCA, MAICD

Non-Executive Director
Appointed 1 September 2016

Experience and Expertise

Mr Fisher is an experienced corporate advisor and public company director. He has a proven track record for implementing strategies that enhance shareholder value. His main areas of expertise include mergers and acquisitions, public and private equity raisings, business restructurings and strategic advice.

Current Directorships (in addition to Bionomics Limited)

Listed: Non-Executive Director and Chair of Centrepont Alliance Limited (ASX:CAF) and IDT Australia Limited (ASX:IDT); Non-Executive Director and Chair of the Audit and Risk Committee of Thorney Technologies Limited (ASX:TEK) and Simavita Limited (formerly ASX:SVA).

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Member of the Nomination and Remuneration Committee
Chair of the Audit and Risk Management Committee

Interests in Shares and Options at Date of Report

Nil ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

MR MITCHELL KAYE BA, JD

Non-Executive Director
Appointed 23 November 2018

Experience and Expertise

Mr Kaye is the Head of Business Development and Strategy for Deep Track Capital, a Greenwich, CT. based biotechnology investment firm. He is also the Founder and Chief Exploration Officer for Sabbatical Ventures, LLC, an investment and advisory firm which focuses on investing in seed-stage companies. Most recently Mr Kaye served as Senior Advisor to Boston-based High Vista Strategies, an endowment-style investment firm, on the launch of High

Vista's multi-manager biotechnology platform. Prior to his engagement with High Vista, Mr Kaye served as Chief Operating Officer and Head of Marketing for San Francisco-based BVF Partners (2013-2019), a leading biotechnology investment fund. Mr Kaye founded and ran MedClaims Liaison, a direct-to-consumer health insurance advocacy firm (2010-2013). He started his career by co-founding Brown Simpson Asset Management, and its successor firm, Xmark Opportunity Partners, where he served as Co-CIO and CIO, respectively (1996 – 2010). He has significant experience as a senior executive specialising in fundraising, client relations, transactions, investments, operations and talent acquisitions. Mr Kaye holds a Juris Doctorate from Northwestern University School of Law and a Bachelor of Arts from Wesleyan University.

He has served on numerous boards of public and private biotechnology companies (including Mendel Biotechnology Inc). He has also served on the boards of several private companies and not-for-profit organisations, including the New York Alzheimer's Association.

Current Directorships (in addition to Bionomics Limited)
Mendel Biotechnology Inc.

Former Listed Directorships in Last Three Years
Aeolus Pharmaceuticals, Inc.

Special Responsibilities
Nil

Interests in Shares and Options at Date of Report
Nil ordinary shares in Bionomics Limited
Nil unlisted options over ordinary shares in Bionomics Limited

MR AARON WEAVER CFA, LLM
Non-Executive Director
Appointed 6 July 2020

Experience and Expertise
Mr Weaver is a Principal at Apeiron Investments Group Ltd ("Apeiron"), focused on the life sciences and technology sector. From 2013 - 2017, he was an investment banker at Credit Suisse Group AG in London within the Capital Markets Solutions team, advising on capital structuring and issuances for a full spectrum of corporate issuers from pre-revenue companies to public listed companies. He was a capital markets solicitor at Allen & Overy LLP, London from 2007 - 2013. Mr Weaver currently serves on the board of Bionomics as Apeiron's nominee. He holds a Master of Law from the Queensland University. He is a Chartered Financial Analyst ("CFA") and a registered solicitor in the United Kingdom.

Current Directorships (in addition to Bionomics Limited)
MagForce AG, LEAF4Life LLC, Alto Neuroscience, Endogena Therapeutics, Inc., Rejuvenon Life Sciences AG.

Former Listed Directorships in Last Three Years
Nil

Special Responsibilities
Nil

Interests in Shares and Options at Date of Report
Nil ordinary shares in Bionomics Limited
Nil unlisted options over ordinary shares in Bionomics Limited

DR JANE RYAN PhD, MAICD
Non-Executive Director
Appointed 1 October 2020

Experience and Expertise
Dr Ryan has over 30 years of international experience in the pharmaceutical and biotechnology industries having worked in Australia, US and UK. She has held senior executive roles in management of research and development programs as well as business development and alliance management. Throughout her career, she has led many successful fundraising campaigns and licensing initiatives including the awarding of a \$230m US Government contract.

Current Directorships (in addition to Bionomics Limited)
Non-Executive Director of Anatara Lifesciences Ltd (ASX:ANR).

Former Listed Directorships in Last Three Years
Nil

Special Responsibilities
Member of the Audit and Risk Management Committee from 1 October 2021
Member of the Nomination and Remuneration Committee from 1 October 2021

Interests in Shares and Options at Date of Report
Nil ordinary shares in Bionomics Limited
500,000 unlisted options over ordinary shares in Bionomics Limited

MR PETER MILES WINSTON DAVIES (MILES DAVIES)
Non-Executive Director
Appointed 1 July 2021.

Experience and Expertise
Mr Davies is a 15-year veteran of the financial services industry with deep multi-sector and multi-function experience. He has a proven track record in advising private

and public company Boards of Directors and shareholders of businesses that range in Enterprise Value size of \$100m to \$5bn. He has completed numerous M&A transactions across a variety of sectors including healthcare, along with strong experience in capital raising and restructuring opportunities during his time at Rothschild & Co.

Mr Davies is currently an Investment Professional at Apeiron Investments Group Ltd and is Chief Business Officer for Leaf4Life Inc

Current Directorships (in addition to Bionomics Limited)

Nil

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Nil

Interests in Shares and Options at Date of Report

Nil ordinary shares in Bionomics Limited

Nil unlisted options over ordinary shares in Bionomics Limited

DR SRINIVAS RAO MD PhD

Non-Executive Director

Appointed 1 October 2020, resigned 30 June 2021.

Experience and Expertise

Dr Rao is the Chief Scientific Officer at atai Life Sciences AG. Dr Rao has over 20 years of professional experience in the pharmaceutical and biotechnology industries. Prior to atai, Dr Rao has held the titles of Chief Scientific, Medical, or Executive Officer at companies ranging from venture backed start-ups to vertically integrated, publicly traded pharmaceutical companies. Dr Rao completed an internship in Internal Medicine at Yale-New Haven Hospital. He received his PhD. in neurobiology from Yale Graduate School and his M.D. from Yale School of Medicine. He holds both a Bachelor of Science and Master of Science degree in Electrical Engineering from Yale College and Yale Graduate School, respectively.

Dr Rao was the second Board nominee of Apeiron Investment Group Ltd ("Apeiron") under the Subscription Agreement dated 1 June 2020 between the Company and Apeiron, following completion of the second placement of 54,333,000 to Apeiron and their nominated exempt investors.

Current Directorships (in addition to Bionomics Limited)

Nil

Former Listed Directorships in Last Three Years

Nil

Special Responsibilities

Nil

Interests in Shares and Options at Date of Report

Nil ordinary shares in Bionomics Limited

Nil unlisted options over ordinary shares in Bionomics Limited

MR PETER TURNER BSc, MBA, GAICD

Non-Executive Director

Appointed 16 June 2016, retired 20 November 2020

Experience and Expertise

Mr Turner is a former senior executive with global experience in CSL, a large multinational organisation in the biopharmaceutical industry. He has been an Executive Director and COO of CSL and was the founding President of CSL Behring working in Europe and the United States from 2000 to 2011. Mr Turner provided strategic, technical and commercial leadership and was responsible for the integration of large company acquisitions in Europe, the United States and Japan. He has been responsible for significant company re-structuring and turnaround and has overseen thirteen new product launches in the United States and Europe and more in other jurisdictions. During his tenure, overseas sales grew from US\$140 million to \$3.4 billion. Mr Turner is the former Chair of NPS MedicineWise and Ashley Services Group and a former Non-Executive Director of Virtus Health.

Current Directorships (in addition to Bionomics Limited)

Nil

Former Listed Directorships in Last Three Years

Non-Executive Director: Virtus Health (July 2013 to October 2018)

Special Responsibilities

Member of the Audit and Risk Management Committee to 20 November 2020.

COMPANY SECRETARY

Suzanne Irwin held the position of Company Secretary of the Company at the end of the financial year. Suzanne is a Fellow of the Governance Institute of Australia with over 13 years Corporate Secretariat & company secretarial experience with ERM Power Limited (ASX300), which listed in 2010 until delisting on acquisition by Shell Energy Australia in 2019, and more recently, Company Secretary for the Queensland resources company EQ Resources Ltd (ASX:EQR) up to February 2021.

Ms Irwin has over 15 years' financial experience in business and commercial analyst roles at various BHP mining and minerals extraction operations.

MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 14 board meetings, 7 Audit and Risk Committee Meetings and 5 Nomination and Remuneration Committee meetings were held.

	MEETINGS OF DIRECTORS		MEETINGS OF AUDIT AND RISK MANAGEMENT (ARM) COMMITTEE		MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE	
	Held	Attended	Held	Attended	Held	Attended
Dr Errol De Souza	14	14				
Mr David Wilson	14	13	7	7	5	5
Mr Alan Fisher	14	14	7	7	5	5
Mr Mitchell Kaye	14	10				
Mr Aaron Weaver	14	13				
Dr Jane Ryan	10	10	6	6	5	5
Dr Srinivas Rao	10	8				
Mr Peter Turner	5	5	1	1		

REMUNERATION REPORT

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's Key Management Personnel (KMP) for the financial year ended 30 June 2021. The term 'KMP' 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. The prescribed details for each person covered by this report are detailed below under the following headings:

1. Key Management Personnel
2. Remuneration Policy
3. Relationship Between the Remuneration Policy and Company Performance
4. Remuneration of Key Management Personnel
5. Key Terms of Service Agreements
6. Key Management Personnel holding in fully paid ordinary shares and share options

1. Key Management Personnel (KMP)

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

DIRECTORS	POSITION
Dr Errol De Souza	Executive Chairman
Mr David Wilson	Non-Executive Director
Mr Peter Turner (retired on 20 November 2020)	Non-Executive Director
Mr Alan Fisher	Non-Executive Director
Mr Mitchell Kaye	Non-Executive Director
Mr Aaron Weaver (appointed 6 July 2020)	Non-Executive Director
Dr Jane Ryan (appointed 1 October 2020)	Non-Executive Director
Dr Srinivas Rao (appointed 1 October 2020, resigned on 30 June 2021)	Non-Executive Director
Mr Miles Davies (appointed 1 July 2021)	Non-Executive Director
OTHER KMP	POSITION
Mr Jack Moschakis (passed away on 23 March 2021)	Legal Counsel & Company Secretary
Mr Adrian Hinton	Acting Chief Financial Officer
Ms Liz Doolin	Vice President Clinical Development
Mr Connor Bernstein	Vice President Strategy and Corporate Development

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

2. Remuneration Policy

Non-Executive Director Remuneration Policy

The Non-executive directors' fee pool is reviewed from time to time, taking into account comparable remuneration data for the biotechnology sector provided by an independent remuneration consultancy. Non-executive directors' fees are determined within an aggregate directors' fee pool limit that is approved by shareholders. The current aggregate non-executive directors' fee pool limit is \$750,000 per annum and was approved by shareholders at the EGM on 26 August 2020. This amount (or some part of it) is to be divided among the non-executive directors as determined by the Board and reflecting the time and responsibility related to the Board and committees. The Group does not provide for retirement allowances to its non-executive directors.

There was no increase in board fees during the financial year. Dr De Souza assumed the role of Executive Chairman on 21 June 2020 and received the fees as nominated for the position of non-executive chair, being \$154,000 per annum, which is notionally included for the fee pool limit. Fees for non-executive directors are \$77,000 per annum with a Committee Chair receiving an additional \$10,000 per annum (inclusive of superannuation).

The total fees paid to non-executive directors for the year ended 30 June 2021 was \$473,538 compared to the aggregate directors' fee pool limit of \$750,000.

Non-executive directors may receive share options on their initial appointment to the Board or at other such times, as approved by shareholders. Any value that may be attributed to options issued to non-executive directors is not included in the shareholder approved aggregate limit of directors' fees. There were no share options granted to non-executive directors during the year.

Executive Remuneration Policy and Framework

The objective of the Group's executive remuneration policy and framework is to ensure that the Group can attract and retain high calibre executives capable of managing the Group's operations and achieving the Group's strategic objectives and focus these executives on outcomes necessary for success.

The Executives total remuneration package framework comprises:

- Base pay and benefits, including superannuation and other entitlements;
- Performance incentives paid as shares, share options, cash or a combination thereof; and
- Equity awards through participation in the Bionomics employee equity plans.

The combination of these comprises the executive KMP's total remuneration.

Following any recommendation from the Remuneration and Nomination Committee, the Board reviews and approves the base pay, benefits, incentive payments and equity awards of the Executive Chairman and other executives reporting directly to the Executive Chairman. The Board took advice on the Executive Chairman's remuneration from an independent remuneration consultancy during the prior year (2020).

Base Pay and Benefits

Executives receive their base pay and benefits structured as a Total Fixed Remuneration ("TFR") package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. Superannuation (or local equivalent) is included in TFR. There are no guaranteed base pay increases in any executive contract.

Base pay and benefit levels are reviewed annually, and an assessment made against market comparable positions. Factors taken into account in determining remuneration include levels of remuneration in other biotechnology companies, a demonstrated record of performance, internal relativities, and the Company's capacity to pay. An executive's base pay and benefit levels may also be reviewed if the position's accountabilities increase in scope and impact.

Performance Incentives

The calculation of the annual incentive award for executive KMP is by reference to the achievement of specific milestones and targets approved by the Board. Milestones and targets generally relate to:

- Efficiently conducting the Company's development programs;
- Executing Bionomics' partnership strategy, both new and existing;
- Demonstrating the power of Bionomics' development capabilities; and
- Maintaining adequate capital reserves.

Milestones and targets were reviewed and recommended by the Remuneration and Nomination Committee and approved by the Board prior to the beginning of the year. The Corporate goals and targets for the current period included specific targets to support the Company achieving its overall objectives:

- Clinical: Efficiently conduct BNC210 development program to reach key milestones with the aim of generating significant shareholder value; and
- Demonstrate fiscal responsibility, secure the balance sheet to enable execution of the company's strategy beyond FY2021.

Executive positions may have bonus or equity opportunity targets as endorsed by the Nomination and Remuneration Committee and performance incentives may be awarded at the end of the performance review cycle upon achievement of specific Board approved (i) individual, and (ii) company-related KPIs. Following a performance evaluation against these KPIs, the amount of possible incentive payable to each executive is determined by the Board based on the Executive Chairman's recommendation.

100% of the Executive Chairman's performance incentives are tied to the Corporate Goals, whilst other executive KMP have 50% of their performance incentives tied to the achievement of corporate goals and the remaining 50% tied to the achievement of individual goals.

The Board determined that for this financial year, Corporate targets were exceeded, A discretionary bonus was awarded to the Executive Chairman, and 150% of the Corporate Target to executive KMP and other employees participating in the scheme.

The Board determines whether the incentive award should be in share options, shares and/or cash.

In June 2021, the Nomination and Remuneration Committee recommended to the Board, which approved the short-term incentives (STI) for the 2021 financial year, that the STI should be paid as a cash bonus. Details are below:

EXECUTIVE KMP	POSITION	TARGET	ACHIEVEMENT	\$
Dr Errol De Souza	Executive Chairman	70% of TFR	100% Ex-gratia payment	US \$176,400 US \$88,200
Mr Jack Moschakis ¹	Legal Counsel & Company Secretary	30% of TFR	100%	AUD \$81,000
Mr Adrian Hinton ²	Acting Chief Financial Officer	-	-	-
Mr Connor Bernstein	Vice President Strategy and Corporate Development	Ex-gratia		US \$20,000
Ms Liz Doolin	Vice President Clinical Development	15% of TFR	136% ³	AUD \$45,000

¹ Mr Jack Moschakis was provided with 100% of his target incentive, pro-rated to the end of the month of cessation of service. ² Mr Adrian Hinton is employed under a consulting agreement that does not include the payment of discretionary incentive awards. ³ Comprised of 122% achievement of individual targets and 150% achievement of corporate goals.

The Board continues to review the performance assessment and incentive structure to ensure it remains effective.

Equity Awards

Equity awards for executives and employees are provided by a combination of equity plans that may include any of the:

- Employee Share Plan;
- Employee Share Plan (\$1,000 Plan);
- Employee Share Option Plan; and
- Employee Equity Plan

Participation in these plans is at the Board's discretion and no individual has an ongoing contractual right to participate in a plan or to receive any guaranteed benefits. For key appointments, an initial allocation of equity may be offered as a component of their initial employment agreement. The structure of equity awards is under the active review of the Nomination and Remuneration Committee to ensure it meets good corporate practice for a company of Bionomics' size, nature and company lifecycle.

Employee Share Plan ("ESP")

The ESP was approved by shareholders at the November 2014 Annual General Meeting. It may involve the Company providing an interest-free limited recourse loan to eligible employees to purchase shares under this ESP. The Company takes security over the Shares to secure repayment of the loan. The purpose of this ESP is to provide eligible employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. The issue price will be determined by the Board at its sole discretion, with the intention to base it on market value at the time.

No shares were issued under the ESP during this financial year or to the date of this report.

Employee Share Plan (“\$1,000 Plan”)

All executives and staff, excluding directors, are eligible to participate in the \$1,000 Plan. The objective of the \$1,000 Plan is to assist in the attraction and retention of employees of the Company, and to provide encouragement to become shareholders. An annual allocation of up to \$1,000 of shares may be granted and taxed on a concessional basis. Shares are granted under the \$1,000 Plan for no consideration and are escrowed for 3 years while participants are employed by the Company.

No shares were issued under the \$1,000 Plan during this financial year or to the date of this report.

Employee Share Option Plan (“ESOP”)

Options may have been granted under the ESOP which was last approved by shareholders at the 2014 Annual General Meeting. This has now been superseded by the Employee Equity Plan (see below). All executives and staff were eligible to participate in the ESOP. The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees of the company. More particularly, the ESOP was utilised to award options for no consideration to executives if they achieve specified KPIs and for shareholder approved non-executive director grants in addition to cash fees. The exercise price is calculated as the volume-weighted average price (“VWAP”) of the shares in the 7 days preceding the approval to grant the options.

No options were issued under the ESOP during this financial year or to the date of this report.

Employee Equity Plan (“EEP”)

The EEP replaces the ESOP. The EEP was approved by shareholders at the 2020 Annual General Meeting and was drafted to reflect changes to the income tax legislation governing employee share schemes, governance changes in respect of the type of equity instruments that are granted to employees and directors, the circumstances in which they are granted, and to provide administrative flexibility.

The underlying purpose of the EEP is to align employees’ and directors’ interests with shareholders’ interests by providing them with equity as part of their remuneration arrangements. This is intended to enable the Company to attract and retain top-level employees and directors. The procurement and retention of first-class executives and employees capable of managing the Company’s operations and achieving the Company’s strategic objectives is always a difficult task for a relatively small Company, without an earnings history, such as Bionomics. In order to compete with well-established companies, the Board considers that the Company essentially has one of two choices: either offer higher cash remuneration or issue equity under a plan such as the EEP.

The EEP enables the Board to award different types of equity instruments tailored to specific application. These can include Rights to acquire shares contingent on meeting specified performance metrics, Options to acquire shares on payment of an exercise price, Rights and/or Options that are contingent on remaining in employment, among others.

Shares and options were issued under the EEP to KMP as disclosed in this Report.

The trading of equities which vest under incentive schemes is required to comply with the Company’s Securities Trading Policy. This policy prohibits any employees or directors from entering into transactions regarding the Company’s Securities for the purpose of hedging, or otherwise transferring, limiting or minimising their economic risk to those Securities (e.g. a forward contract or a put or call option). In addition, under Section 206J of the Corporations Act, Directors and Executives are prohibited from entering into hedging transactions that have the effect of limiting their exposure to their remuneration that has either not vested or has vested but remains subject to a holding lock.

Under the Securities Trading Policy, Bionomics Personnel shall not enter into a margin loan, stock lending or any other funding arrangement to acquire any Bionomics Securities where the lender or other third party is granted a right to sell or compel the sale of all or part of those Securities.

3. Relationship Between the Remuneration Policy and Company Performance

The Company’s remuneration policy aligns executive reward with the interests of shareholders. The primary focus is on growth in shareholder value through the achievement of research, development, regulatory and commercial milestones. The performance goals are not necessarily linked to financial performance measures typical of companies operating in other market segments.

Share options, shares and/or cash bonuses are granted to executive KMP based on their level of key performance indicator (“KPI”) achievement. Achievement of KPIs should result in increases in shareholder value.

Bionomics’ approach to its remuneration framework is designed to ensure:

- Executives focus on meaningful KPIs;
- The best performers receive higher reward;
- Executives must continue to perform to realise value; and
- Executive reward is aligned with shareholder interests.

KPIs may include (but are not limited to) successful negotiations of commercial contracts, achieving key research, development and regulatory milestones, and ensuring the availability of adequate capital to achieve stated objectives.

There is no direct link between the determination of fixed pay and the Company's financial performance- specifically, revenue and net (loss)/profit included in the table below, or share price.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth from continuing operations for the five years ended 30 June 2021.

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue	-	46,946	701,486	-	13,273,499
Net (Loss) before tax	(8,884,464)	(6,026,587)	(10,575,594)	(26,953,853)	(6,555,058)
Net (Loss) after tax	(8,697,037)	(5,818,975)	(10,402,821)	(25,792,718)	(7,074,634)

	2021 CENTS	2020 CENTS	2019 CENTS	2018 CENTS	2017 CENTS
Share price at start of the financial year	5.8	3.0	53.0	40.0	28.0
Share price at end of the financial year	19.0	5.8	3.0	53.0	40.0
Dividends paid	-	-	-	-	-
Basic earnings per share	(1.0)	(1.0)	(2.0)	(5.0)	(1.0)
Diluted earnings per share	(1.0)	(1.0)	(2.0)	(5.0)	(1.0)

4. Remuneration of Key Management Personnel

The following tables show details of the remuneration received by the directors and the executive key management personnel of the Group for the current and previous financial year.

Directors and Other Key Management Personnel – 2021

NAME	SHORT-TERM BENEFITS		POST-EMPLOYMENT	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	TOTAL \$
	SALARY AND FEES \$	BONUS ¹ \$	SUPER-ANNUATION \$	ANNUAL AND LONG SERVICE LEAVE \$	OPTIONS ^{8,9} \$	
Dr Errol De Souza	515,240 ⁷	352,564	-	-	884,700	1,752,504
Mr David Wilson	87,412	-	-	-	8,431	95,843
Mr Peter Turner ¹	27,056	-	2,570	-	4,872	34,498
Mr Alan Fisher	79,452	-	7,548	-	8,700	95,700
Mr Mitchell Kaye	77,000	-	-	-	-	77,000
Dr Jane Ryan ²	52,740	-	5,010	-	13,921	71,671
Dr Srinivas Rao ³	57,750	-	-	-	-	57,750
Mr Aaron Weaver ⁴	77,000	-	-	-	-	77,000
Mr Jack Moschakis ⁵	245,922	81,000	16,271	(22,012)	252,084	573,265
Mr Adrian Hinton	285,000	-	-	-	-	285,000
Mr Connor Bernstein ⁶	58,302	26,679	-	-	-	84,981
Ms Liz Doolin	200,913	45,000	20,583	31,492	125,500	423,488
	1,763,787	505,243	51,982	9,480	1,298,208	3,628,700

¹ Mr Peter Turner retired 20 November 2020. ² Dr Jane Ryan appointed 1 October 2020. ³ Dr Srinivas Rao appointed 1 October 2020. ⁴ Mr Aaron Weaver appointed 6 July 2020. ⁵ Mr Jack Moschakis passed away 23 March 2021. ⁶ Mr Connor Bernstein appointed 1 April 2021. ⁷ Comprises Chairman's fee \$154,000, Executive Chairman's consultancy fee \$337,338 and reimbursement of health insurance \$23,902. ⁸ Share options do not represent cash payments to Directors and other key management personnel. Share options granted may or may not be exercised by Directors and other key management personnel. ⁹ The amounts relate to amortisation of the fair value of share options granted over the vesting period.

Directors and Other Key Management Personnel – 2020

NAME	SHORT-TERM BENEFITS			POST-EMPLOYMENT	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	TOTAL
	SALARY AND FEES \$	BONUS ⁵ \$	RETENTION PAYMENT \$	SUPER-ANNUATION \$	ANNUAL AND LSL \$	OPTIONS ^{2,3} \$	
Dr Errol De Souza	363,276 ⁴	-	-	-	-	16,549	379,825
Mr David Wilson	72,600	-	-	-	-	15,998	88,598
Mr Peter Turner	74,110	-	-	7,040	-	15,998	97,148
Mr Alan Fisher	74,486	-	-	7,076	-	16,549	98,111
Mr Mitchell Kaye	72,188	-	-	-	-	-	72,188
Mr Jack Moschakis	291,949	90,000	96,000	28,880	11,862	3,424	522,115
Mr Adrian Hinton	265,500	-	-	-	-	-	265,500
Ms Liz Doolin ¹	95,890	31,500	-	9,110	4,572	-	141,072
	1,309,999	121,500	96,000	52,106	16,454	68,518	1,664,557

¹ Liz Doolin commenced as Key Management Personnel from 2 January 2020. ² Share options do not represent cash payments to Directors and other key management personnel. Share options granted may or may not be exercised by Directors and other key management personnel. ³ The amounts relate to amortisation of the fair value of share options granted over the vesting period. ⁴ Comprises Chairman's fee \$144,375 and Executive Chairman's consultancy fee \$218,901. ⁵ 50% of the bonus was paid in cash and bonus shares were issued for the remaining amount on 28 August 2020

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position prior to their appointment.

5. Key Terms of Service Agreements

Remuneration and other terms of employment for the Executive Chairman and the other executive KMP are formalised in service agreements. Key terms of the agreements relating to remuneration are set out below:

Dr Errol De Souza, Executive Chairman

In addition to the Chairman's Fee of \$154,000 the Company entered into a Consultancy Agreement to perform the duties of Executive Chairman from 22 June 2020:

- Term of Consultancy Agreement - 22 June 2020 to 30 June 2021
- Fixed Remuneration of US\$21,000 per month (plus reimbursement of health care benefits of up to US \$18,000) for the provision of executive services as determined by the Board, plus a STI/bonus potential of 70% of Fixed Remuneration as assessed by the independent Non-Executive directors against agreed financial, strategic and operational targets;
- The grant of 12 million Options at an exercise price of \$0.04 with 50% to vest at a share price of \$0.14 and 50% to vest at a share price of \$0.24, subject to shareholder approval; and
- Termination by either party with one month's written notice

Subsequent to the period, the Company has entered into a new Consultancy Agreement for the position of Executive Chairman, replacing all prior arrangements:

- Term – 1 July 2021 to 30 June 2024

- Fixed Remuneration of US\$43,750 per month Base Salary (plus reimbursement for the cost of procuring Health Benefits in the US of up to US\$22,000 for the first year of employment, and subsequently adjusted based on documented increases)
- Target bonus potential of 60% of Base Salary, upon meeting the applicable performance criteria established by the Remuneration Committee of the Board against agreed financial, strategic and operational targets. For performance exceeding such applicable performance criteria the Annual Bonus may be increased up to 100% of Base Salary.
- Subject to shareholder approval:
 - the grant of 47,786,607 options;
 - to be issued with an exercise price of \$0.2014 based on a volume weighted average price for the 14-day period prior to 1 July 2021; and
 - vesting on a quarterly basis over a 4-year period commencing on the 1 July 2021 (with acceleration in the event of a change in control and also on termination as described below).
- Termination:
 - For Termination for Cause: the Company will pay earned but unpaid Base Salary and Annual Bonus with 1 month's written notice.
 - For Voluntary Resignation Without Good Reason: the employee will provide 6 months' written notice.
 - For Termination Without Cause, Redundancy or Resignation for Good Reason, the Company will:

- pay severance of twelve (12) months of Base Salary plus a pro rata amount of the target bonus potential to be paid in equal instalments over the following 12-month period,
- any outstanding equity compensation awards will fully and immediately vest with respect to any amounts that would have vested as if remaining employed for an additional 24 months; and
- any termination benefits in excess of the limits in the Corporations Act are subject to shareholder approval.

Mr Jack Moschakis, Legal Counsel and Company Secretary

- Term of agreement – 4 May 2015 to 23 March 2021.
- Total remuneration package reviewed annually by the Executive Chairman and/or Chief Executive Officer and Managing Director and approved by the Board
- Payment of termination benefit on early termination by the employer without cause equal to six months' salary. In the event of redundancy, purchase or merger of Bionomics by a third party resulting in a material diminution in duties, six months' salary will be paid.

Mr Adrian Hinton, Acting Chief Financial Officer

- Term of Consultancy Agreement – 1 July 2021 to 25 March 2022.
- Fee of \$20,000 per month.
- Termination by either party on one months' notice.
- Part-time Consulting.

Ms Liz Doolin, VP Clinical Development

- Term of agreement – open, commencing 15 September 2008.
- Total remuneration package to be reviewed annually by the Executive Chairman and/or Chief Executive Officer and Managing Director and approved by the Board.
- Termination by either party on one months' notice.
- Full vesting of unvested equity upon change of control.

Mr Connor Bernstein, Vice President Strategy and Corporate Development

The Company entered into a Consultancy Agreement with Connor Bernstein, of JB Strategy Partners LLC to perform certain professional consultancy services.

- Term of Consultancy Agreement – Commencing 1 April 2021 to 31 March 2022
- Fees of US\$15,000 per month.
- Termination by either party on one months' notice
- Part-time Consulting.

Share-based Payments

Share-based payments are provided by the Company via the Bionomics EEP and previously under the ESP.

The fair value of equity issued for no cash consideration is recognised as a share-based payment expense with a corresponding increase in equity over the vesting period.

The Bionomics EEP was approved by the Shareholders at the 2020 AGM. Employees eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or a director of the Company.

Options granted under the ESOP and Options under the EEP are issued for no consideration and depending on their terms, most commonly vest equally over five years, provided a person remains employed subject to good leaver provisions (death, retrenchment or retirement). Equities issued under the EEP vest at the time of grant or upon satisfaction of conditions stipulated by the Board at that time, if any.

The amounts disclosed as remuneration relating to options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Incentive options are issued at the discretion of the Board and vest immediately. There are no subsequent performance conditions attached to incentive options.

The terms and conditions of each grant of options affecting remuneration of directors and other KMP in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE WHEN GRANTED	FAIR VALUE PER OPTION AT GRANT DATE	VESTING DATE
Granted in prior periods				
28-Nov-16	28-Nov-22	\$0.2613	\$0.2505	28-Nov-17
28-Nov-16	28-Nov-23	\$0.2613	\$0.2621	28-Nov-18
28-Nov-16	28-Nov-24	\$0.2613	\$0.2721	28-Nov-19
28-Nov-16	28-Nov-25	\$0.2613	\$0.2810	28-Nov-20

GRANT DATE	EXPIRY DATE	EXERCISE PRICE WHEN GRANTED	FAIR VALUE PER OPTION AT GRANT DATE	VESTING DATE
Granted in prior periods CONT.				
28-Nov-16	28-Nov-26	\$0.2613	\$0.2890	28-Nov-21
28-Nov-16	28-Nov-22	\$0.3130	\$0.2377	28-Nov-17
28-Nov-16	28-Nov-23	\$0.3130	\$0.2504	28-Nov-18
28-Nov-16	28-Nov-24	\$0.3130	\$0.2616	28-Nov-19
28-Nov-16	28-Nov-25	\$0.3130	\$0.2716	28-Nov-20
28-Nov-16	28-Nov-26	\$0.3130	\$0.2804	28-Nov-21
28-Nov-16	28-Nov-21	\$0.3743	\$0.2080	28-Nov-16
5-Sep-17	5-Sep-22	\$0.4400	\$0.2839	5-Sep-17
Granted in current year				
28-Aug-20	28-Aug-25	\$0.0400	\$0.0750	28-Aug-20
28-Aug-20	28-Aug-25	\$0.0400	\$0.0710	10-Feb-21
28-Aug-20	28-Aug-25	\$0.0400	\$0.1330	28-Aug-25
28-Aug-20	28-Aug-25	\$0.0400	\$0.1180	10-Feb-21
20-Nov-20	20-Oct-26	\$0.1687	\$0.0890	20-Oct-21
20-Nov-20	20-Oct-27	\$0.1687	\$0.0950	20-Oct-22
20-Nov-20	20-Oct-28	\$0.1687	\$0.0990	20-Oct-23
20-Nov-20	20-Oct-29	\$0.1687	\$0.1030	20-Oct-24
20-Nov-20	20-Oct-30	\$0.1687	\$0.1070	20-Oct-25

On 28 August 2020, the Company issued 15 million share options to subscribe for 15 million shares at \$0.04 per share option expiring on 28 August 2025 to key management personnel (KMP). By 19 February 2021 the 15 million share options had vested. The options issued to Dr Errol De Souza were approved by shareholders at the General Meeting held on 26 August 2020. Details of the issue are set out below:

KMP	NUMBER	VESTING CONDITIONS	FAIR VALUE
Dr Errol De Souza	6,000,000	Company's share price reaching \$0.14 per share	\$450,000
Dr Errol De Souza	6,000,000	Company's share price reaching \$0.24 per share	\$426,000
Mr Jack Moschakis	1,000,000	Company's share price reaching \$0.14 per share	\$133,000
Mr Jack Moschakis	1,000,000	Company's share price reaching \$0.24 per share	\$118,000
Ms Liz Doolin	500,000	Company's share price reaching \$0.14 per share	\$66,500
Ms Liz Doolin	500,000	Company's share price reaching \$0.24 per share	\$59,000

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
20 November 2020	20 October 2021	20 October 2026	\$0.1687	100,000	\$8,900
20 November 2020	20 October 2022	20 October 2027	\$0.1687	100,000	\$9,500
20 November 2020	20 October 2023	20 October 2028	\$0.1687	100,000	\$9,900
20 November 2020	20 October 2024	20 October 2029	\$0.1687	100,000	\$10,300
20 November 2020	20 October 2025	20 October 2030	\$0.1687	100,000	\$10,700

Information about how the fair value was calculated for share options issued during the year is set out in Note 24 to the financial statements.

Options granted under the EEP or ESOP carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Bionomics.

During the year or since the end of the year no Director or other KMP exercised options that were granted to them as part of their compensation.

6. Key Management Personnel holdings in Bionomics' Equity

Fully Paid Ordinary Shares of Bionomics Limited

	BALANCE AT 30 JUNE 2020 NUMBER	GRANTED AS COMPEN- SATION NUMBER	RECEIVED ON EXERCISE OF OPTIONS NUMBER	PARTICI- PATED IN RIGHTS ISSUE NUMBER	NET OTHER CHANGE NUMBER	BALANCE AT 30 JUNE 2020 NUMBER	BALANCE HELD NOMINALLY NUMBER
Dr Errol De Souza	366,698	-	-	-	-	366,698	366,698
Mr David Wilson	200,000	-	-	51,939	-	251,939	215,939
Mr Peter Turner ¹	200,000	-	-	15,949	(215,949)	-	-
Mr Alan Fisher	-	-	-	-	-	-	-
Mr Mitchell Kaye	-	-	-	-	-	-	-
Dr Jane Ryan ²	-	-	-	-	-	-	-
Dr Srinivas Rao ³	-	-	-	-	-	-	-
Mr Aaron Weaver ⁴	-	-	-	-	-	-	-
Mr Jack Moschakis ⁵	35,518	314,246 ⁷	-	-	(349,764)	-	-
Mr Adrian Hinton	-	-	-	-	-	-	-
Mr Connor Bernstein ⁶	-	-	-	-	-	-	-
Ms Liz Doolin	17,643	109,986 ⁷	-	-	-	127,629	127,629

¹ Mr Peter Turner retired 20 November 2020. ² Dr Jane Ryan appointed 1 October 2020. ³ Dr Srinivas Rao appointed 1 October 2020. ⁴ Mr Aaron Weaver appointed 6 July 2020. ⁵ Mr Jack Moschakis passed away 23 March 2021. ⁶ Mr Connor Bernstein appointed 1 April 2021. ⁷ Shares were issued on 28 August 2020 as part of the bonus for the year ended 30 June 2020.

Share Options of Bionomics Limited

	BALANCE AT 30 JUNE 2020 NUMBER	GRANTED AS COMPEN- SATION NUMBER	EXERCISED NUMBER	NET OTHER CHANGE NUMBER	BALANCE AT 30 JUNE 2021 NUMBER	BALANCE VESTED AND EXERCISABLE AT 30 JUNE 2021 NUMBER	OPTIONS VESTED DURING YEAR NUMBER
Dr Errol De Souza	500,000	12,000,000 ⁷	-	-	12,500,000	12,400,000	12,100,000
Mr David Wilson	500,000	-	-	-	500,000	400,000	100,000
Mr Peter Turner ¹	400,000	-	-	(400,000)	-	-	-
Mr Alan Fisher	500,000	-	-	-	-	400,000	100,000
Mr Mitchell Kaye	-	-	-	-	-	-	-
Dr Jane Ryan ²	-	500,000	-	-	500,000	-	-
Dr Srinivas Rao ³	-	-	-	-	-	-	-
Mr Aaron Weaver ⁴	-	-	-	-	-	-	-
Mr Jack Moschakis ⁵	291,750	2,000,000 ⁷	-	(2,291,750)	-	-	2,050,000
Mr Adrian Hinton	-	-	-	-	-	-	-
Mr Connor Bernstein ⁶	-	-	-	-	-	-	-
Ms Liz Doolin	40,000	1,000,000 ⁷	-	-	1,040,000	-	1,000,000

¹ Mr Peter Turner retired 20 November 2020. ² Dr Jane Ryan appointed 1 October 2020. ³ Dr Srinivas Rao appointed 1 October 2020. ⁴ Mr Aaron Weaver appointed 6 July 2020. ⁵ Mr Jack Moschakis passed away 23 March 2021. ⁶ Mr Connor Bernstein appointed 1 April 2021. ⁷ Share options were granted on 28 August 2020 as part of their bonus for the year ended 30 June 2020.

Other Transactions with Directors and Other Key Management Personnel

There were no loans made to key management personnel.

Bionomics has a policy of avoiding any real or perceived conflict of interest with respect to related party transactions. Prospective related party transactions are reviewed by the board including those directors not associated with the prospective transaction. Related party directors must have no involvement in the evaluation, negotiation or management of transactions in which they have an interest. Full disclosure is made in the Annual Report. The Company will continue to assess any prospective agreements on an arm's length basis.

There were no related party transactions during the year or up to the date of this report.

OTHER INFORMATION

Unissued Shares

Information relating to shares under option or warrants is set out in Note 21 to the financial statements. The total number of shares under option as at 30 June 2021 was 20,985,450 under the Employee Equity Plan ("EEP") and Employee Share Option Plan ("ESOP"). The total number of shares under warrants as at 30 June 2021 was 166,082,988.

The holders of these options or warrants do not have the right, by virtue of the option, to participate in any share issue, dividend or voting of members of the Company.

Since the end of the year and up to the date of this report 15,000 share options lapsed and no warrants lapsed.

On 28 August 2020 and 20 November 2020 the Company issued 15,000,000 and 500,000 share options respectively to KMPs, details are disclosed on page 21 of this Report.

On 3 March 2021 the Company issued 150,000,000 warrants, details are disclosed in Note 21(c) to the financial statements.

Shares Issued on the Exercise of Options and warrants

No ordinary shares of Bionomics were issued on the exercise of options granted under the Bionomics EEP or ESOP or exercise of warrants during the year ended 30 June 2021 or up to the date of this report.

Insurance of Directors and Officers

During the financial year, the Company paid a premium to insure the Directors and Officers ("D&O") of the Company. Under the terms of this policy the premium paid by the Company is not permitted to be disclosed.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the D&O in their capacity as D&O of the Company, and any other payments arising from liabilities incurred by the D&O in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the D&O or the improper use by the D&O of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-Audit Services

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the external auditor's expertise and experience with the Group are important. Details of the amounts paid to the external auditor for audit and non-audit services provided during the year are set out in Note 29 to the financial statements. The Board has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for external auditors imposed by the *Corporations Act 2001*.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

This directors' report is signed in accordance with a resolution of directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Errol De Souza
Executive Chairman

25 August 2021

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Ernst & Young Services Pty Limited
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

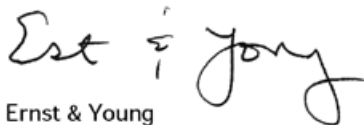
Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Auditor's independence declaration to the directors of Bionomics Limited

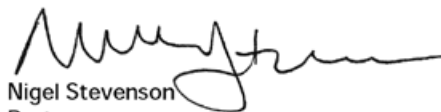
As lead auditor for the audit of the financial report of Bionomics Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Nigel Stevenson
Partner
25 August 2021

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This financial statement covers both Bionomics Limited ("Bionomics") as an individual entity (Note 33) and the Group consisting of Bionomics and its subsidiaries. A description of the nature of the Group's operations and its principal activities is included throughout the Annual Report and the Directors' Report. The financial statement is presented in Australian dollars.

Bionomics is a company limited by shares, incorporated and domiciled in Australia. It is listed on the Australian Securities Exchange (ASX) (ASX:BNO) and its registered office is 200 Greenhill Road, Eastwood, SA 5063.

Through the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website

www.bionomics.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CONTINUING OPERATIONS			
Revenue	5		46,662
Other income	5	1,308,343	3,312,753
Other gains and losses	5	4,272,931	4,575,881
EXPENSES	6		
Research and development expenses		(5,762,303)	(5,827,844)
Administration expenses		(4,372,823)	(3,670,647)
Occupancy expenses		(1,272,414)	(1,180,482)
Compliance expenses		(1,614,313)	(1,436,443)
Finance expenses		(1,443,885)	(1,846,467)
LOSS BEFORE TAX		(8,884,464)	(6,026,587)
Income tax benefit	7	187,427	207,612
LOSS AFTER TAX FROM CONTINUING OPERATIONS		(8,697,037)	(5,818,975)

DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	33(d)		(1,299,313)

LOSS FOR THE YEAR		(8,697,037)	(7,118,288)
Other Comprehensive Income, Net of Income Tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(1,169,171)	530,915
Total Comprehensive Loss for the Year		(9,866,208)	(6,587,373)

LOSS PER SHARE		2021	2020
From continuing and discontinuing operations			
Basic loss per share	28	(\$0.01) (1 cent)	(\$0.01) (1 cent)
Diluted loss per share	28	(\$0.01) (1 cent)	(\$0.01) (1 cent)
From continuing operations			
Basic loss per share	28	(\$0.01) (1 cent)	(\$0.01) (1 cent)
Diluted loss per share	28	(\$0.01) (1 cent)	(\$0.01) (1 cent)

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	8	28,499,449	4,577,747
Other financial assets	9	435,640	-
Trade and other receivables	10	200,212	59,290
Research and development incentives receivable		928,073	2,919,541
Other assets	11	863,630	776,320
TOTAL CURRENT ASSETS		30,927,004	8,332,898
NON-CURRENT ASSETS			
Property, plant and equipment	13	8,227	283,956
Right-to-use asset – rented property	14	862,716	771,029
Goodwill	15	12,400,743	12,872,387
Other intangible assets	16	9,945,755	11,766,412
Other financial assets	9	119,000	436,174
TOTAL NON-CURRENT ASSETS		23,336,441	26,129,958
TOTAL ASSETS		54,263,445	34,462,856

CURRENT LIABILITIES			
Trade and other payables	17	1,814,390	1,930,432
Borrowings	18	-	5,185,136
Lease liability – rented property	19	174,218	767,711
Provisions	20	371,936	388,827
TOTAL CURRENT LIABILITIES		2,360,544	8,272,106
NON-CURRENT LIABILITIES			
Borrowings	18	-	6,258,993
Lease liability – rented property	19	693,623	25,437
Provisions	20	6,782	45,814
Deferred tax liability	7(c)	1,842,303	2,203,340
Contingent consideration	31	1,762,656	4,975,159
TOTAL NON-CURRENT LIABILITIES		4,305,364	13,508,743
TOTAL LIABILITIES		6,665,908	21,780,849

NET ASSETS		47,597,537	12,682,007
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EQUITY			
Issued capital	21	190,190,147	148,156,005
Reserves	22	11,447,891	13,413,784
Accumulated losses		(154,040,501)	(148,887,782)
TOTAL EQUITY		47,597,537	12,682,007

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	ISSUED CAPITAL \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	SHARE-BASED PAYMENTS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
BALANCE AT 30 JUNE 2019	144,944,233	6,254,267	7,365,270	(142,064,706)	16,499,064
Loss for the period	-	-	-	(7,118,288)	(7,118,288)
Exchange differences on translation of foreign operations	-	530,915	-	-	530,915
Total Comprehensive Income	-	530,915	-	(7,118,288)	(6,587,373)
Recognition of share-based payments	-	-	55,355	-	55,355
Recycled on disposal of subsidiaries	-	(496,811)	-	-	(496,811)
Transfer of expired options	-	-	(295,212)	295,212	-
Issue of ordinary shares under a share placement	3,260,000	-	-	-	3,260,000
Share issue costs	(48,228)	-	-	-	(48,228)
BALANCE AT 30 JUNE 2020	148,156,005	6,288,371	7,125,413	(148,887,782)	12,682,007
Loss for the period	-	-	-	(8,697,037)	(8,697,037)
Exchange differences on translation of foreign operations	-	(1,169,171)	-	-	(1,169,171)
Total Comprehensive Income	-	(1,169,171)	-	(8,697,037)	(9,866,208)
Recognition of share-based payments	-	-	1,308,349	-	1,308,349
Transfer of forfeited and expired options and warrants	-	-	(3,544,318)	3,544,318	-
Issue of ordinary shares under share placements	21,229,874	-	-	-	21,229,874
Issue of ordinary shares under rights issues	22,606,257	-	-	-	22,606,257
Issue of ordinary shares to employees	60,750	-	-	-	60,750
Share issue costs	(1,862,739)	-	1,439,247	-	(423,492)
BALANCE AT 30 JUNE 2021	190,190,147	5,119,200	6,328,691	(154,040,501)	47,597,537

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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	NOTE	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Research and development incentives received		2,919,541	7,482,764
Receipts from customers		394,815	4,883,858
Payments to suppliers and employees		(10,126,660)	(14,933,981)
Interest and bank fees paid		(726,420)	(1,335,834)
Net Cash used by Operating Activities	27(b)	(7,538,724)	(3,903,193)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,094	58,369
Payments for other financial assets		(118,466)	(52,174)
Proceeds from disposal of other financial assets		-	550,000
Payments for purchases of property, plant and equipment		(1,468)	(7,704)
Proceeds from disposals of property, plant and equipment		35,634	264,370
Net cash out flow from disposal of subsidiaries	33(c)	-	(1,007,992)
Net Cash used by Investing Activities		(80,206)	(195,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(11,087,139)	(7,460,180)
Payments for transaction costs		-	(281,668)
Principal elements of lease payments		(779,807)	(826,942)
Proceeds from share issues		43,836,131	3,260,000
Payments for share issue costs		(415,479)	(48,228)
Net Cash provided /(used) by Financing Activities		31,553,706	(5,357,018)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the financial year		4,577,747	13,985,477
Effects of exchange rate changes on the balance of cash held in foreign currencies		(13,074)	47,612
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27(a)	28,499,449	4,577,747

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 1: GENERAL INFORMATION

Bionomics Limited ("the Company") is a listed public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

200 Greenhill Road
Eastwood, South Australia, 5063
Tel: 08 8150 7400

Principal Activities

The principal activities of the Company and its controlled entities ("the Group") during the period include the development of novel drug candidates focused on the treatment of serious central nervous system disorders.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of the Group.

(i) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB").

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 Group comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by IASB.

The financial statements were authorised for issue by the Directors on 25 August 2021.

(ii) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a

basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for that asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(iii) Application of New and Revised Accounting Standards

The Group has adopted all the new and revised Standards and Interpretations issued by 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 these new and revised Standards and Interpretations has resulted in no significant changes to the consolidated entity's accounting policies.

(iv) Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. 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. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

(b) Borrowings (Other Financial Liabilities)

(i) Other Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

(iii) Classification

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

(c) Borrowing Costs

All borrowing costs (other than transaction costs) are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(d) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date

amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9 or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' respectively, as appropriate, with the corresponding gain or loss being recognised in profit or loss, respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities 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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(f) Earnings/(Loss) per Share

(i) Basic Earnings/(Loss) per Share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after income tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings/(Loss) per Share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to options.

(g) Employee Benefits

(i) Short-term and Long-term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date, discounted using rates applicable to high quality corporate bonds

(ii) Retirement Benefits Costs

Retirement benefits are contributions made to employee superannuation funds and are charged as expenses when incurred. These contributions are made to external superannuation funds and are not defined benefits programs.

(iii) Share-based Payments

Share-based compensation benefits are provided to employees via the Bionomics Employee Equity Plan ("EEP").

The fair value of shares issued to employees for no cash consideration under the EEP is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

The disclosure in the Remuneration Report and Note 21 relates to the EEP and the former Employee Share Option Plan ("ESOP"). The Bionomics EEP was approved by the Board and shareholders in 2017.

Staff eligible to participate in the plan are those who have been a full-time or part-time employee of the Group for a period of not less than six months or a Director of the Group. Options are granted under the plan for no consideration and vest equally over five years, or when vesting conditions are achieved, unless they are bonus options which vest immediately. The amounts disclosed as remuneration relating to options are the assessed fair values at grant date of those options allocated equally over the period from grant date to vesting date.

See Note 21 for details on how the fair value of options and warrants issued during the year are calculated.

(h) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets at amortised costs

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (i) below); and

- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

(ii) *Amortised Cost and Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocation interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired, (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial

recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is include in the "other income" line item.

(iii) *Financial Assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instructions as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair values gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

(iii) *Impairment of Financial Assets*

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or a FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of

a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(j) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flow arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Government Research and Development Incentives

Government grants, including Research and Development incentives, are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met.

Grants relating to cost reimbursements are recognised as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later).

(l) Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

A CGU is the smallest identifiable group of assets that generates cash flow that are largely independent of cash flows from other assets or group of assets. The CGUs are defined as a research program that has the potential to be commercialised at some point in the future. Achievement of certain milestones within the research program will determine when a CGU comes into existence.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of

assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(i) Tax Consolidation Legislation

Bionomics and its wholly owned Australian controlled entities have implemented the tax consolidation legislation effective 31 December 2005.

The head entity, Bionomics Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Bionomics Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(n) Intangible Assets

(i) Intellectual Property

Acquired intellectual property is recognised as an asset at cost and amortised over its useful life. There is currently no internally generated intellectual property that has been capitalised. Intellectual property with a finite life is amortised on a straight-line basis over that life. Intellectual property with an indefinite useful life is subjected to an annual impairment review. There is currently no intellectual property with an indefinite life.

Current useful life of all existing intellectual property is in the range of 15 to 20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see Note 2(d) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iii) Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(o) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are deducted directly from equity.

(p) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. That is, 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 as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Current useful life of right-to-use assets is 5 years.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(l) above.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(q) Property, Plant and Equipment

Land is stated at cost less any impairment losses if applicable and is not depreciated.

Building, plant and equipment are stated at cost less accumulated depreciation or accumulated impairment losses, where applicable.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the diminishing value or straight-line methods, depending on the type of asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

The depreciation rates for plant and equipment are 20–40%.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(r) Research and Development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised as an expense when it is incurred. Expenditure on development activities are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. At year end there are currently no capitalised development costs.

(s) Revenue Recognition

- Licence revenues in connection with licensing of the Group's intellectual property (including patents) to collaborators are recognised as a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted. This is because the contracts for the licence 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 collaborator has rights.
- Although the Group is entitled to sales-based royalties from any eventual sales of goods and services to third parties using the intellectual property transferred, these royalty arrangements do not of themselves indicate that the collaborator 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 licences of intellectual property:

- Up-front payments - These are fixed amounts and are recognised at the point in time when the Group transfers the intellectual property to the collaborator.

(b) Milestone payments - These are variable considerations that depends upon the collaborator reaching certain milestones in relation to the intellectual property licenced. Such amounts are only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration (that is, the collaborator meeting the conditions to trigger payment) is subsequently resolved.

(c) Sales-based royalties - These are variable consideration amounts promised in exchange for the licence of intellectual property that occur late in the collaborator's development of the intellectual property and are recognised when the sales to third parties occur (as the performance obligation to transfer the intellectual property to the collaborator is already satisfied).

(iii) The Group, until 3 March 2020 when the French subsidiaries were sold, performed contracted research and development. For the year ended 30 June 2020 this revenue was disclosed under discontinued operations (see Note 33 for additional information). For this contracted research and development work, the customer controlled all the work in progress as the work was being carried out, as the work is called out to the customer's specification and if a contract was terminated by the customer, then the Group was entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices were issued according to contractual terms and invoiced amounts are presented as other receivables.

Any amounts received from customers prior to the performance obligations being completed were recorded as unearned income and held on the balance sheet, until the relevant performance obligations had been completed in line with the policies above.

The group had no contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group did not adjust any of the transaction prices for the time value of money.

(iv) Rental income is recognised on a straight-line basis over the term of the lease (refer to note 2(p) "Group as lessor" for further comments).

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the Group to make estimates and judgements that can affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. The Group analyses the estimates and judgements and base estimates and judgements on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from the estimates. The significant accounting policies are detailed in Note 2. Summarised below are the accounting policies of particular importance to the portrayal of the financial position and results of operations and that require the application of significant judgement or estimates by management.

Impairment of Goodwill and Other Intangible Assets

The Group assesses annually, or whenever there is a change in circumstances, whether goodwill or other intangible assets may be impaired.

Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the CGU to which goodwill or other intangible assets have been allocated. The value in use calculation is judgmental in nature and requires the Group to make a number of estimates including the future cash flows expected to arise from the segment based on actual current market deals for drug compounds within the CGU and over a period covering drug discovery, development, approval and marketing as well as, a suitable discount rate in order to calculate present value. The cash flow projections are further weighted based on the observable market comparables probability of realising projected milestone and royalty payments. When the carrying value of the CGU exceeds its recoverable amount, the CGU is considered impaired and the assets in the CGU are written down to their recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. A detailed valuation was performed as of 30 June 2021 and each computed recoverable amount (based on a value-in-use model) of the CGU was in excess of the carrying amount, respectively. As a result of this evaluation, it was determined that no impairment of goodwill or other intangible assets existed at 30 June 2021.

Contingent Consideration

As a result of the acquisition of Eclipse Therapeutic, Inc. ("Eclipse") during the year ended 30 June 2013, the Group determines and recognises at each reporting date the fair value of the additional consideration that may be payable to Eclipse security holders due to potential royalty payments based on achieving late-stage development success or partnering outcomes based on Eclipse assets. Such potential earn-out payments are recorded at fair value and include a number of significant estimates including adjusted revenue projections and expenses, probability of such projections and a suitable discount rate to calculate fair value. During the year ended 30 June 2021 there has been a change in estimate in the revenue projections to align more closely to the signed contract (see Note 31 for further information).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 4: 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 33).

Accordingly, the Group now operates as one segment being drug 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 5: REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

	2021 \$	2020 \$
REVENUE FROM CONTINUING OPERATIONS		
Licences	-	46,662
	-	46,662
OTHER INCOME FROM CONTINUING OPERATIONS		
Interest income	5,756	58,369
Rent	203,014	200,284
Government Research and Development Incentives ⁽ⁱ⁾	928,073	2,945,600
Government assistance Covid-19 (Cash flow boost)	50,000	50,000
Government assistance Covid-19 (Jobkeeper)	121,500	58,500
	1,308,343	3,312,753

- (i) The Government Research and Development Incentives include cash refunds provided by the Australian Government for 43.5% (2020: 43.5%) of eligible research and development expenditures by Australian entities having a tax loss and less than \$20 million in revenue. The grants are calculated at the end of the fiscal year to which they relate, based on the expenses incurred in and included in the fiscal year's Australian income tax return after registration of the research and development activities with the relevant authorities. There are no unfulfilled conditions or other contingencies attaching to the Government Research and Development Incentive.

	2021 \$	2020 \$
OTHER GAINS AND LOSSES FROM CONTINUING OPERATIONS		
Net gain arising on changes in fair value of contingent consideration (Note 31)	3,212,503	4,823,874
Net gain arising on modification of borrowings measured at amortised costs that were not derecognised (Note 18)	-	199,089
Net realised and unrealised foreign currency gain/(loss)	1,081,438	(621,016)
(Loss)/Gain on disposal of plant and equipment	(21,010)	173,934
	4,272,931	4,575,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 6: EXPENSES RELATING TO CONTINUING OPERATIONS

Loss before income tax benefit includes the following specific expenses:

	2021 \$	2020 \$
FINANCE EXPENSES		
Interest expense on bank and other loans	618,586	1,170,027
Interest expense on lease liabilities	26,934	79,938
Amortisation of transaction costs (Note 18)	252,019	29,649
Accrual of final payment (Note 18)	528,819	544,357
Bank fees	17,527	22,496
	1,443,885	1,846,467
EMPLOYMENT BENEFIT EXPENSES OF:		
Wages and salaries	2,577,954	3,097,949
Superannuation	148,662	213,769
Share-based payments	1,308,349	55,355
	4,034,965	3,367,073
AMORTISATION OF NON-CURRENT ASSETS		
Plant and equipment (Note 13)	45,553	91,860
Right-of-use assets (rental property) (Note 14)	762,183	748,571
Intellectual property (Note 16)	892,512	1,328,244
	1,700,248	2,168,675
RENTAL EXPENSE ON OPERATING LEASES (LOW VALUE ASSETS)		
Minimum lease payments	7,277	7,506

NOTE 7: INCOME TAXES RELATING TO CONTINUING OPERATIONS

(a) Income Tax Recognised in Profit or Loss	2021 \$	2020 \$
CURRENT TAX		
In respect of the current year		-
In respect of the prior year	-	-
	-	-
DEFERRED TAX		
Recognised in current year	(187,427)	(207,612)
	(187,427)	(207,612)
TOTAL INCOME TAX BENEFIT	(187,427)	(207,612)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 7: INCOME TAXES RELATING TO CONTINUING OPERATIONS CONT.

	2021 \$	2020 \$
(b) Reconciliation to Accounting Loss		
Loss from continuing operations	(8,884,464)	(6,026,587)
Tax at the Australian tax rate of 30% (2020: 30%)	(2,665,339)	(1,807,976)
Tax effect of non-deductible / non-assessable amounts		
Exempt income from government assistance	(293,422)	(898,680)
Entertainment expenses	727	1,355
Net gain arising on changes in fair value of contingent consideration	(963,751)	(1,447,162)
Share-based payments	392,505	16,607
Research and development expenditure	640,050	2,013,477
Temporary differences not recorded as an asset	(632,779)	(68,181)
Tax losses not recorded	3,253,265	1,981,695
Effect of different tax rates in other jurisdictions	81,317	1,253
	(187,427)	(207,612)

(c) Net Deferred Tax Liability Recognised		
Net deferred tax liability is attributable to the following deferred tax asset/(liability) items:		
Intangibles denominated in USD	(2,088,609)	(2,470,947)
Tax losses denominated in USD	246,305	267,607
	(1,842,303)	(2,203,340)
Movement in Net Deferred Tax Liability		
Opening balance	(2,203,340)	(2,938,417)
Recognised in income:		
Continuing operations	187,427	207,612
Discontinuing operations	-	40,968
Recognised in equity	173,610	(28,465)
Derecognised on disposal of subsidiaries (Note 33)	-	514,962
CLOSING BALANCE	(1,842,303)	(2,203,340)

(d) Net Deferred Tax Asset Not Recognised		
Revenue tax losses	27,979,311	24,703,928
Net temporary difference	2,458,142	3,090,921
	30,437,453	27,794,849

Deferred tax assets have not been recognised in respect to these items as it is not probable at this time that future taxable profits will be available against which the Group can utilise the benefit.

(e) Tax Consolidation

Relevance of Tax Consolidation to the Group

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Bionomics is the head entity in the tax-consolidated group. Tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 8: CASH AND CASH EQUIVALENTS

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

	2021 \$	2020 \$
CURRENT		
Cash at bank and on hand	28,499,449	4,577,747
	28,499,449	4,577,747

The weighted average interest rate on these deposits is 0.1% per annum (2020: 0.5% per annum).

NOTE 9: OTHER FINANCIAL ASSETS

	2021 \$	2020 \$
Restricted deposits held as security and not available for use	554,640	436,174
Disclosed in the financial statement as:		
Current assets	435,640	-
Non-current assets	119,000	436,174
	554,640	436,174

The Group holds restricted term deposits of \$383,883, \$51,757 and \$119,000 (2020: \$384,000 and \$52,174), with a maturity date of 11 September 2021, 23 September 2021 and 3 June 2022 respectively (2020: 11 September 2020 and 23 September 2020 respectively) as security for a bank guarantee (Note 32 (iii)) that is not available for use. The term deposits will be extended on maturity until the bank guarantee ceases to be required. The effective interest rate on these deposits is 0.71% (2020: 1.35%).

NOTE 10: TRADE AND OTHER RECEIVABLES

	2021 \$	2020 \$
CURRENT		
Trade receivables and other receivables	192,685	17,553
Loss allowance	-	-
	192,685	17,553
GST receivables	7,327	37,639
Other	200	4,098
	200,212	59,290

The average credit period is 30 days. No interest is charged on trade receivables. Loss allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Group reviews the quality of the customer, and this is reviewed prior to commencing new major work.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Typically, the concentration of credit risk is limited because the customer base is large and unrelated, except as noted above.

NOTE 11: OTHER ASSETS

	2021 \$	2020 \$
CURRENT		
Prepayments	860,793	774,545
Accrued income	2,837	1,775
	863,630	776,320

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 12: SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Details of the Group's subsidiaries at the end of the reporting period are as follows:			PERCENTAGE OWNED	
ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	2021 %	2020 %
HEAD ENTITY				
Bionomics Limited	Research and Development	Australia		
SUBSIDIARIES OF BIONOMICS LIMITED				
Iliad Chemicals Pty Limited	Asset owner	Australia	100	100
Bionomics Inc	Asset owner	United States	100	100

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AT COST \$	BUILDING AT COST \$	PLANT AND EQUIPMENT AT COST \$	TOTAL \$
Cost at 30 June 2019	286,018	2,143,603	4,231,953	6,661,574
Additions	-	-	7,704	7,704
Disposals	-	-	(2,064,317)	(2,064,317)
Derecognised on disposal of subsidiaries (Note 33)	(299,896)	(2,247,615)	(840,524)	(3,388,035)
Effect of foreign currency exchange differences	13,878	104,012	38,888	156,778
Cost at 30 June 2020	-	-	1,373,704	1,373,704
Additions	-	-	1,468	1,468
Disposals	-	-	(1,268,419)	(1,268,419)
Cost at 30 June 2021	-	-	106,753	106,753
Accumulated depreciation at 30 June 2019	-	(605,097)	(3,549,008)	(4,154,105)
Depreciation (a)	-	(77,400)	(127,469)	(204,869)
Disposals	-	-	1,956,328	1,956,328
Derecognised on disposal of subsidiaries (Note 33)	-	714,673	666,385	1,381,058
Effect of foreign currency exchange differences	-	(32,176)	(35,984)	(68,160)
Accumulated depreciation at 30 June 2020	-	-	(1,089,748)	(1,089,748)
Depreciation (a)	-	-	(45,553)	(45,553)
Disposals	-	-	1,036,775	1,036,775
Accumulated depreciation at 30 June 2021	-	-	(98,526)	(98,526)
Net Carrying Amounts at 30 June 2020	-	-	283,956	283,956
Net Carrying Amounts at 30 June 2021	-	-	8,227	8,227

(a) Depreciation is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as follows:

	2021 \$	2020 \$
Continuing operations	45,553	91,860
Discontinued operations	-	113,009
	45,553	204,869

Non-Current Assets Pledged as Security

Refer to Note 18 for information on non-current assets pledged as security for borrowings by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 14: RIGHT-OF-USE ASSETS

	2021 \$	2020 \$
Cost	2,374,100	1,519,600
Accumulated depreciation	(1,511,384)	(748,571)
	862,716	771,029

	2021 \$	2020 \$
Opening balance 1 July	771,029	-
Adoption of new leasing accounting standard	-	2,993,675
Addition of new property being rented	854,500	-
Depreciation ^(a)	(762,813)	(864,646)
Derecognised on disposal of subsidiaries (Note 33)	-	(1,424,365)
Effect of foreign currency exchange differences	-	66,365
Closing balance 30 June	862,716	771,029

(a) Amortisation is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as follows:

	2021 \$	2020 \$
Continuing operations	762,813	748,571
Discontinued operations	-	116,075
	762,813	864,646

Non-Current Assets Pledged as Security

Refer to Note 19 for information on non-current assets pledged as security for lease liabilities by the Group.

NOTE 15: GOODWILL

	\$
Carrying amount at 30 June 2019	12,761,430
Additions	-
Foreign currency exchange differences	110,957
Carrying amount at 30 June 2020	12,872,387
Additions	-
Foreign currency exchange differences	(471,644)
Carrying amount at 30 June 2021	12,400,743

Impairment Tests

As identified in Note 4 the group now has only one CGU, drug development. Management tests annually whether goodwill or indefinite life intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 2(n)(i) and (ii), and Note 2(l) respectively. For the purpose of impairment testing all goodwill is allocated to the drug development CGU.

The recoverable amount of the drug development segment is determined based on a value in use calculation which uses cash flow projections based on observable market comparables for drug compounds within the CGU over a period of twenty years covering drug discovery, development, approval and marketing, and a post-tax discount rate of 15% per annum (2020: 15% per annum). The cash flow projections are weighted based on the observable market comparables probability of realising projected milestone and royalty payments.

Management believes that the application of discounted cash flows of observable market comparables for one drug compound is reasonable to be applied to other compounds within the CGU at their respective development phases.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

No growth rates or terminal values have been included in the forecast, as the full development lifecycle has been taken into account with the cashflows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 16: OTHER INTANGIBLE ASSETS

Intellectual Property

The acquired intellectual property relates to KV1.3 compound, VDA compound, MultiCore technology, French patents and cancer stem cell technology, and is carried at its costs as at its date of acquisition, less accumulated amortisation and impairment charges. There is currently no internally generated intellectual property capitalised.

	KV1.3 COMPOUND	VDA COMPOUND	MULTICORE TECHNOLOGY	FRENCH PATENTS \$	CANCER STEM CELL TECHNOLOGY \$	TOTAL \$
Gross carrying amount at 30 June 2019	1,546,542	2,282,527	1,265,590	2,045,425	18,850,747	25,990,831
Additions	-	-	-	-	-	-
Derecognised on disposal of subsidiaries (Note 33)	-	-	-	(2,144,673)	-	(2,144,673)
Foreign currency exchange differences	-	-	-	99,248	359,738	458,986
Gross carrying amount at 30 June 2020	1,546,542	2,282,527	1,265,590	-	19,210,485	24,305,144
Additions	-	-	-	-	-	-
Foreign currency exchange differences	-	-	-	-	(1,529,124)	(1,529,124)
Gross carrying amount at 30 June 2021	-	-	-	-	17,681,361	22,776,020

Accumulated amortisation amount at 30 June 2019	(1,443,430)	(2,130,403)	(1,181,211)	(1,999,473)	(6,362,137)	(13,116,654)
Amortisation ^(a)	(103,112)	(152,124)	(84,379)	(45,627)	(988,629)	(1,373,871)
Derecognised on disposal of subsidiaries (Note 33)	-	-	-	2,144,099	-	2,144,099
Foreign currency exchange differences	-	-	-	(98,999)	(93,307)	(192,306)
Accumulated amortisation amount at 30 June 2020	(1,546,542)	(2,282,527)	(1,265,590)	-	(7,444,073)	(12,538,732)
Amortisation ^(a)	-	-	-	-	(892,512)	(892,512)
Foreign currency exchange differences	-	-	-	-	600,979	600,979
Accumulated amortisation amount at 30 June 2021	(1,546,542)	(2,282,527)	(1,265,590)	-	(7,735,606)	(12,830,265)

Net carrying amount 30 June 2020	-	-	-	-	11,766,412	11,766,412
Net carrying amount 30 June 2021	-	-	-	-	9,945,755	9,945,755

(a) Amortisation is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as follows:

	2021 \$	2020 \$
Continuing operations	892,512	1,328,244
Discontinued operations	-	45,627
	892,512	1,373,871

NOTE 17: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
CURRENT		
Trade payables	1,028,744	1,261,466
Accrued expenses	785,646	668,966
	1,814,390	1,930,432

The average credit period on purchases of goods is 45 days. No interest is paid on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 18: BORROWINGS

	2021 \$	2020 \$
SECURED – AT AMORTISED COST		
Equipment mortgage ⁽ⁱ⁾	-	242,024
Bank loan ⁽ⁱⁱ⁾	-	11,202,105
	-	11,444,129
Disclosed in the financial statements as:		
Current liabilities	-	5,185,136
Non-current liabilities	-	6,258,993
	-	11,444,129

- (i) The equipment mortgage loans were for equipment (which secure the loans) with interest rates of 5.20% to 5.55% (2020: 5.20% to 5.55%) and as at 30 June 2020 had remaining terms of up to 3 years. On 12 April 2021, the equipment mortgage loans were fully repaid. As at 30 June 2020 the written down value of the equipment that secured the mortgage loans was \$251,952.
- (ii) The bank loan, denominated in US dollars had an interest rate of 8.25% (2020: 8.25%). During the year ended 30 June 2020 an interest only period was negotiated with the banks, for the period May 2020 to October 2020 and the loan was extended to 1 January 2022. The loan was repayable in equal instalments from 1 November 2020. The loan was secured by all the Group's assets except the term deposits shown in Note 9 and the equipment that is security for the equipment loans above. The loan further contained customary conditions of borrowing, events of default and covenants, including covenants that restrict the ability to dispose of assets, merge with or acquire other entities, incur indebtedness and make distributions to shareholders. Should an event of default occur, including the occurrence of a material adverse change, the Group could be liable for immediate repayment of all obligations under the loan agreement. Also included with the bank loan is the accrual of the final payment and transaction costs still to be amortised, see (a) and (c) below for details. The bank loan was fully repaid on 30 April 2021, the principal outstanding prior to the loan being fully repaid on 30 April 2021 was US \$4,090,909 (30 June 2020 was US \$6,818,182).

	2021 \$	2020 \$
LOAN MOVEMENT SCHEDULE		
Opening Balance – 1 July	11,444,129	18,298,300
Accrual of bank loan final payment ⁽ⁱ⁾	528,819	544,357
Repayments – principal	(9,170,741)	(7,460,180)
– final payment ⁽ⁱ⁾	(1,916,398)	-
Net gain arising on modification of bank loan (due to extension of loan) that was not derecognised ⁽ⁱⁱ⁾	-	(199,089)
Transaction costs associated with obtaining interest only period ⁽ⁱⁱⁱ⁾	-	(281,668)
Amortisation of costs ⁽ⁱⁱⁱ⁾	252,019	29,649
Foreign currency exchange differences	(1,137,828)	512,760
CLOSING BALANCE – 30 JUNE	-	11,444,129

- (i) In addition to the payment of principal and interest over the term of the bank loan, a final payment was required under the bank loan, calculated at a percentage of the original principal borrowed. This liability was being accrued (using the effective interest method) over the term of the loan and the amount accrued prior to the loan being fully repaid on 30 April 2021 was US\$1,477,500 (30 June 2020 was US\$1,079,030).
- (ii) As a result of the bank loan being extended to 1 January 2022 (that occurred during the year ended 30 June 2020) the accrual of the bank loan final payment was remeasured resulting in a reduction in the liability that had been accrued as the modification to the loan did not qualify for derecognition of the loan.
- (iii) The transaction costs related to costs incurred in obtaining the six-month interest only period and extension of the bank loan. These costs are being amortised over the remaining term of the bank loan.

Interest Rate Risk

The Group's exposure to interest rates and the effective weighted average interest rate by maturity period is set out in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 19: LEASE LIABILITIES

	2021 \$	2020 \$
SECURED – AT AMORTISED COSTS		
LOAN MOVEMENT SCHEDULE		
Opening Balance – 1 July	793,148	-
Adoption of new leasing accounting standard	-	2,993,675
New lease for new property - being rented	854,500	-
Repayments	(779,807)	(826,942)
Derecognised on disposal of subsidiaries (Note 33)	-	(1,440,322)
Effect of foreign currency exchange differences	-	66,737
CLOSING BALANCE – 30 JUNE	867,841	793,148
Disclosed in the financial statements as:		
Current liabilities	174,218	767,711
Non-current liabilities	693,623	25,437
	867,841	793,148

Lease liabilities relate to building leases and is effectively secured by the building being leased (Note 14).

The total Group cash outflows for leases is set out below:

	2021 \$	2020 \$
Principal element of lease payments	779,807	826,942
Interest element of lease payments- continuing operations	26,934	79,938
Interest element of lease payments- discontinuing operations	-	33,176
Total Cash Outflows for Leases	806,741	940,056

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	WITHIN FIVE YEARS \$	MORE THAN FIVE YEARS \$	TOTAL \$
As at 30 June 2021			
Extension options expected not to be exercised	-	1,183,105	1,183,105
As at 30 June 2020			
Extension options expected not to be exercised	3,193,055	4,728,477	7,921,532

NOTE 20: PROVISIONS

	2021 \$	2020 \$
Current		
Employee benefits	371,936	388,827
Non-Current		
Employee benefits	6,782	45,814

NOTE 21: ISSUED CAPITAL

(a) Issued capital

Movements in Ordinary Shares and Treasury Stock (restricted shares issued subject to Employee Share Plan Loan Agreements) respectively, of the Company during the current period were as follows:

DATE	DETAILS	NUMBER OF SHARES	\$
ORDINARY SHARES			
30 June 2019	Closing balance	544,647,747	144,944,233
	Share issue - share placement	81,500,000	3,260,000
	Transfer from treasury stock	38,125	-
	Share issue costs	-	(48,228)
30 June 2020	Closing balance	626,185,872	148,156,005
	Share issue - share placements ⁽ⁱ⁾	185,757,511	21,229,874
	Share issue - rights ⁽ⁱⁱ⁾	195,229,129	22,606,257
	Shares issued to employees	424,232	60,750
	Share issue costs	-	(423,492)
	Warrants issued - underwriting fee ⁽ⁱⁱⁱ⁾	-	(1,439,247)
30 June 2021	Closing balance	1,007,596,744	190,190,147
TREASURY STOCK			
30 June 2019	Closing balance	38,125	-
	Share issue - Employee Share Plan Loan Agreements	(38,125)	-
30 June 2020	Closing balance	-	-
	Share issue - Employee Share Plan Loan Agreements	-	-
30 June 2021	Closing balance	-	-
	Total Issued Capital	1,007,596,744	190,190,147

(i) During the year ended 30 June 2021, the following share placements occurred:

- Issue of 54,333,000 shares at \$0.04 per share raising \$2,173,320. The share issue was approved by shareholders at a General Meeting held on 26 August 2020; and
- Issue of 131,424,511 shares at \$0.145 per share raising \$19,056,554

(ii) During the year ended 30 June 2021, the following rights Issues occurred:

- Issue of 54,304,446 at \$0.04 per share raising \$2,172,178; and
- Issue of 140,924,683 shares at \$0.145 raising \$20,434,079

(iii) Shareholders at the General Meeting held on 26 August 2020 approved the issue of 150,000,000 warrants to Apeiron Investment Group Ltd ("Apeiron") to subscribe for shares at \$0.06 per share as consideration of underwriting a share issue that would raise at least \$15,000,000. The warrants vested on 3 March 2021 when with the assistance of Apeiron a share placement was made that raised \$15,991,634. Note 24(c) below, shows details of how the value of the warrants was calculated.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 21: ISSUED CAPITAL CONT.

(b) Share Options

When exercised, each option is convertible into one ordinary share. The exercise price is based on the weighted average price at which the Company's shares traded on the ASX during the seven trading days immediately before the options are issued.

The Bionomics Employee Equity Plan and Bionomics Employee Share Option Plan

The terms and conditions of the Bionomics Employee Equity Plan and Bionomics Employee Share Option Plan are summarised in Note 2(g)(iii).

Movement in unlisted share options:

	2021		2020	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance at beginning of financial year	6,364,550	\$0.40	7,686,550	\$0.41
Granted during the financial year	15,500,000	\$0.04	-	-
Forfeited during the financial year	(5,000)	\$0.41	(582,500)	\$0.44
Exercised during the financial year	-	-	-	-
Expired during the financial year	(874,100)	\$0.45	(739,500)	\$0.45
Closing balance at 30 June	20,985,450	\$0.12	6,364,550	\$0.40

The number of unlisted share options vested and exercisable at 30 June 2021 is 20,056,450 (2020: 5,296,550).

The weighted average remaining contractual life of any unlisted share options outstanding at the end of the year is 3.80 years (2020: 3.08 years).

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%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 21: ISSUED CAPITAL CONT.

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%
Risk free interest rate	0.30%

As a result of rights issues that occurred during the year ended 30 June 2021, the exercise price of the option was recalculated in accordance to the rules of the option plans, and the ASX listing rule 6.22.2. The table below lists share options outstanding at 30 June 2021 at their new exercise price.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS	FAIR VALUE
20-Jul-15	20-Jul-21	\$0.4077	15,000	\$0.2213
9-Oct-15	9-Oct-21	\$0.4311	5,000	\$0.3036
10-Oct-13	10-Oct-21	\$0.5750	15,000	\$0.5030
28-Nov-16	28-Nov-21	\$0.3479	260,000	\$0.2080
11-Dec-12	11-Dec-21	\$0.2912	100,000	\$0.2070
17-Dec-13	11-Dec-21	\$0.6960	100,000	\$0.4105
12-Dec-11	12-Dec-21	\$0.4892	100,000	\$0.4025
17-Dec-13	17-Dec-21	\$0.6611	4,000	\$0.4177
18-Dec-12	18-Dec-21	\$0.2912	5,000	\$0.2445
24-Dec-15	24-Dec-21	\$0.5125	100,000	\$0.1502
30-Dec-15	30-Dec-21	\$0.4838	50,000	\$0.1617
26-Mar-12	26-Mar-22	\$0.4762	5,000	\$0.3484
27-Apr-15	27-Apr-22	\$0.4765	4,000	\$0.2315
1-May-13	1-May-22	\$0.3481	64,000	\$0.2595
6-May-16	6-May-22	\$0.2936	50,000	\$0.1841
25-May-15	25-May-22	\$0.3982	260,600	\$0.2512
12-Jun-12	12-Jun-22	\$0.3092	8,000	\$0.1975
20-Jul-15	20-Jul-22	\$0.4077	15,000	\$0.2371
5-Sep-17	5-Sep-22	\$0.4136	368,050	\$0.2839
9-Oct-15	9-Oct-22	\$0.4311	5,000	\$0.3216
10-Oct-13	10-Oct-22	\$0.5750	15,000	\$0.5233
28-Nov-16	28-Nov-22	\$0.2349	200,000	\$0.2505
	28-Nov-22	\$0.2866	105,000	\$0.2377
11-Dec-12	11-Dec-22	\$0.2912	100,000	\$0.2155
17-Dec-13	11-Dec-22	\$0.6960	100,000	\$0.4318
	17-Dec-22	\$0.6611	4,000	\$0.4385
18-Dec-12	18-Dec-22	\$0.2912	5,000	\$0.2535
24-Dec-15	24-Dec-22	\$0.5125	100,000	\$0.1658
30-Dec-15	30-Dec-22	\$0.4838	50,000	\$0.1772

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 21: ISSUED CAPITAL CONT.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS	FAIR VALUE
27-Apr-15	27-Apr-23	\$0.4765	4,000	\$0.2466
1-May-13	1-May-23	\$0.3481	64,000	\$0.2697
6-May-16	6-May-23	\$0.2936	50,000	\$0.1961
25-May-15	25-May-23	\$0.3982	260,600	\$0.2654
20-Jul-15	20-Jul-23	\$0.4077	15,000	\$0.2513
5-Sep-17	5-Sep-23	\$0.4136	10,000	\$0.3062
9-Oct-15	9-Oct-23	\$0.4311	5,000	\$0.3376
10-Oct-13	10-Oct-23	\$0.5750	15,000	\$0.5415
4-Nov-16	4-Nov-23	\$0.2327	4,000	\$0.2448
28-Nov-16	28-Nov-23	\$0.2349	200,000	\$0.2621
	28-Nov-23	\$0.2866	200,000	\$0.2504
	28-Nov-23	\$0.3556	5,000	\$0.2370
17-Dec-13	17-Dec-23	\$0.6611	4,000	\$0.4573
24-Dec-15	24-Dec-23	\$0.5125	100,000	\$0.1798
30-Dec-15	30-Dec-23	\$0.4838	50,000	\$0.1912
27-Apr-15	27-Apr-24	\$0.4765	4,000	\$0.2601
6-May-16	6-May-24	\$0.2936	310,600	\$0.2068
20-Jul-15	20-Jul-24	\$0.4077	15,000	\$0.2640
5-Sep-17	5-Sep-24	\$0.4136	10,000	\$0.3236
9-Oct-15	9-Oct-24	\$0.4311	5,000	\$0.3521
4-Nov-16	4-Nov-24	\$0.2327	4,000	\$0.2546
28-Nov-16	28-Nov-24	\$0.2349	200,000	\$0.2721
	28-Nov-24	\$0.2866	200,000	\$0.2616
	28-Nov-24	\$0.3556	5,000	\$0.2495
24-Dec-15	24-Dec-24	\$0.5125	100,000	\$0.1925
30-Dec-15	30-Dec-24	\$0.4838	50,000	\$0.2038
27-Apr-15	27-Apr-25	\$0.4765	4,000	\$0.2722
6-May-16	6-May-25	\$0.2936	50,000	\$0.2164
25-May-15	25-May-25	\$0.3982	260,600	\$0.2893
20-Jul-15	20-Jul-25	\$0.4077	15,000	\$0.2756
26-Aug-20	28-Aug-25	\$0.0136	6,000,000	\$0.0750
	28-Aug-25	\$0.0136	6,000,000	\$0.0710
28-Aug-20	28-Aug-25	\$0.0136	1,500,000	\$0.1330
	28-Aug-25	\$0.0136	1,500,000	\$0.1180
5-Sep-17	5-Sep-25	\$0.4136	10,000	\$0.3388
9-Oct-15	9-Oct-25	\$0.4311	5,000	\$0.3653
4-Nov-16	4-Nov-25	\$0.2327	4,000	\$0.2633
28-Nov-16	28-Nov-25	\$0.2349	200,000	\$0.2810
	28-Nov-25	\$0.2866	200,000	\$0.2716
	28-Nov-25	\$0.3556	5,000	\$0.2605
24-Dec-15	24-Dec-25	\$0.5125	100,00	\$0.2039
30-Dec-15	30-Dec-25	\$0.4838	50,000	\$0.2152
6-May-16	6-May-26	\$0.2936	50,000	\$0.2251
5-Sep-17	5-Sep-26	\$0.4136	10,000	\$0.3520
20-Nov-20	20-Oct-26	\$0.1519	100,000	\$0.0890
4-Nov-16	4-Nov-26	\$0.2327	4,000	\$0.2710
28-Nov-16	28-Nov-26	\$0.2349	200,000	\$0.2890
	28-Nov-26	\$0.2866	200,000	\$0.2804
	28-Nov-26	\$0.3556	5,000	\$0.2703
5-Sep-17	5-Sep-27	\$0.4136	10,000	\$0.3636
20-Nov-20	20-Oct-27	\$0.1519	100,000	\$0.0950
	20-Oct-28	\$0.1519	100,000	\$0.0990
	20-Oct-29	\$0.1519	100,000	\$0.1030
	20-Oct-30	\$0.1519	100,000	\$0.1070
			20,985,450	

NOTE 21: ISSUED CAPITAL CONT.

(c) Warrants

When exercised, each warrant is convertible into one ordinary share.

Movement in unlisted share warrants:

	2021		2020	
	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Opening balance at beginning of financial year	40,207,472	\$0.59	40,207,472	\$0.59
Granted during the financial year	150,000,000	\$0.06	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	(24,124,484)	\$0.59	-	-
CLOSING BALANCE AT 30 JUNE	166,082,988	\$0.11	40,207,472	\$0.59

The number of unlisted warrants vested and exercisable at 30 June 2021 is 166,082,988 (2020: 40,207,472).

The weighted average remaining contractual life of any unlisted warrants outstanding at 30 June 2021 is 2.6 years (2020: 1.9 years).

On 26 August 2020, shareholders approved, as consideration for Apeiron underwriting a share issue that would raise at least \$15 million, that Apeiron would be issued 150 million warrants to subscribe for shares at \$0.06 per share with an expiry date of 23 August 2023.

With the assistance of Apeiron a share placement was made that raised \$15,991,634 and the warrants vested on 3 March 2021. As per AASB 2 "Share Based Payment", the warrants have been valued based on the fair value of the services received (underwriting a share issue) which has been calculated using a risk adjusted estimated fee of 9% of the amount that was raised.

As a result of the rights issues that occurred during the year ended 30 June 2021, the exercise price of warrants that had been issued in prior years was recalculated in accordance with the terms of issue of the warrants. The table below lists warrants outstanding at 30 June 2021 at their new exercise price.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NO OF OPTIONS	FAIR VALUE
10-Dec-16	10-Dec-21	\$0.5674	16,082,988	\$0.137000
26-Aug-20	26-Aug-23	\$0.0600	150,000,000	\$0.009595
			166,082,988	

NOTE 22: RESERVES

	2021 \$	2020 \$
Foreign Currency Translation Reserve ^(a)	5,119,200	6,288,371
Share-based Payments Reserve ^(b)	6,328,691	7,125,413
TOTAL RESERVES	11,447,891	13,413,784

(a) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(i). The reserve is recognised in profit or loss when the investment is disposed of.

(b) Share-based Payments Reserve

The share-based payments reserve is used to recognise the fair value of options and warrants issued over the vesting period. Further information about share-based payments is set out in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 23: FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance.

During April 2021, the Group repaid in full its bank loan and equipment mortgage. The capital structure of the Group now consists of lease liabilities for rental property (Note 19) cash and cash equivalents (Note 8) and equity attributable to equity holders of the parent, comprising issued capital (Note 21), reserves (Note 22) and retained earnings.

The Group's policy is to fund the research and development activities and operations through the issue of equity and the commercialisation of intellectual property assets. Project specific borrowings are utilised where appropriate and also minor borrowings for operational assets, as required.

(b) Categories of Financial Instruments	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash and cash equivalents	28,499,449	4,577,747
Receivables	1,128,285	2,978,831
Other financial assets	554,640	436,174
	30,182,374	7,992,752
FINANCIAL LIABILITIES		
Trade and other payables	1,814,390	1,930,432
Borrowings	-	11,444,129
Lease liability – rental property	867,841	793,148
Contingent consideration at fair value	1,762,656	4,975,159
	4,444,887	19,142,868
RECONCILIATION TO TOTAL ASSETS		
Financial assets (as above)	30,182,374	7,992,752
Non-financial assets	24,081,071	26,470,104
	54,263,445	34,462,856
RECONCILIATION TO TOTAL LIABILITIES		
Financial liabilities (as above)	4,444,887	19,142,868
Non-financial liabilities	2,221,021	2,637,981
	6,665,908	21,780,849

(c) Financial Risk Management Objectives

The Board, through the Audit and Risk Management ("ARM") Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems.

In summary, Group policies are designed to ensure significant strategic, operational, legal, reputational and financial risks are identified, assessed, and effectively monitored and managed in a manner sufficient for a company of Bionomics' size and stage of development to enable achievement of the Group's business strategy and objectives.

The Group's risk management policies are managed by the key management personnel and are reviewed by the ARM Committee according to a timetable of assessment and review proposed by that committee and approved by the Board.

(d) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (e) below) and interest rates (see (f) below).

The Group uses derivative financial instruments to manage its exposure to foreign currency risk, if and when appropriate.

The Group has not entered into any interest rate derivatives.

The Group measures market risk exposures using sensitivity analysis. There has been no material change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

There were no derivative financial instruments outstanding as at 30 June 2021 (2020: nil).

NOTE 23: FINANCIAL INSTRUMENTS CONT.

(e) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed in accordance with established policies. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars is as follows:

DENOMINATED IN USD	2021 \$	2020 \$
MONETARY ITEMS		
Cash and cash equivalents	624,819	164,255
Trade and other payables	(672,353)	(224,877)
Borrowings	-	(11,445,769)
Contingent consideration liability	(1,762,656)	(4,975,159)
Total monetary items	(1,810,190)	(16,481,550)
NON-MONETARY ITEMS		
Goodwill	5,453,648	5,925,292
Other intangible assets	9,945,755	11,766,412
Deferred tax liability	(1,842,303)	(2,203,340)
Total non-monetary items	13,557,100	15,488,364
Total denominated in USD	11,746,910	(993,186)

Foreign Currency Sensitivity Analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the US dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis below includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency.

For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity with the balances being the opposite.

	2021 \$	2020 \$
Profit or loss ^(a)	(222,678)	(2,181,987)
Equity ^(b)	3,135	10,403

(a) This is attributable to the exposure to outstanding USD net monetary assets at the end of the reporting period.

(b) This is attributable to the exposure to outstanding USD net monetary assets at the end of the reporting period in the subsidiaries which is denominated in USD and reflected in the foreign currency translation reserve.

The Group's sensitivity to foreign currency has decreased as at 30 June 2021 mainly due to repayment in full during April 2021 of the US borrowing and decrease in the contingent consideration liability.

The sensitivity analysis may not represent the quantum of foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. Requirements change during the financial year depending on research and development activities being undertaken and contract research service financial performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 23: FINANCIAL INSTRUMENTS CONT.

Forward Foreign Exchange Contracts

It is the policy of the Group to enter into forward foreign currency contracts to cover specific foreign currency payments and receipts when appropriate (such as when there is a legal commitment to pay or receive foreign currency or the Executive Chairman or Chief Executive Officer has a high degree of confidence (>90%) that a foreign currency exposure will arise).

Under the Group's Treasury Policy, the Chief Financial Officer will manage the foreign exchange transaction risk adopting the following guidelines:

- Generally, hedge foreign exchange exposure identified above by entering into a forward currency contract.
- The duration of any forward currency contract(s) will approximate the period in which the net currency exposure arises.
- Recognising the uncertainty that exists in projecting forward foreign currency flows, a maximum net foreign currency exposure position may be held at any point in time.

Due to the long-term nature of the net investment in the USD denominated wholly owned subsidiaries, the investments will not be hedged into Australian dollars, with the result that the Australian dollar value of the investments will fluctuate with the market rate through the foreign currency translation reserve.

There were no forward foreign currency contracts outstanding as at 30 June 2021 (2020: nil).

(f) Interest Rate Risk Management

The US bank loan had a variable interest rate with a floor. At 30 June 2020 the effective interest rate was 10.78% and this effective interest rate did not change during the year ended 30 June 2021 (the US borrowing was repaid in full during April 2021). The Group's other borrowing are at fixed interest rates. The Group does not use interest rate swap contracts or forward interest rate contracts.

The Group is exposed to interest rate risk only in relation to the cash and cash equivalent balances, as the interest rate floor on the US borrowing is above the LIBOR rate.

Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period on cash and cash equivalent balances and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had been 50 basis points higher / (lower) and all other variables were held constant, the Group's loss for the year ended 30 June 2021 would decrease / (increase) by \$142,497 (2020: decrease / (increase) by \$22,889).

The Group's sensitivity to interest rates has increased due to the increase in cash and cash equivalent balances compared to the prior year.

(g) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

(h) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board, which has approved an appropriate liquidity risk management framework for management of the Group's short, medium and long term funding. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

(i) Liquidity and Interest Rate Risk

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

To the extent that interest flows are at a variable rate, the undiscounted amount is derived from interest rate applicable at the end of the reporting period. The tables include both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 23: FINANCIAL INSTRUMENTS CONT.

2021	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 MONTH \$	1 – 3 MONTHS \$	3 – 12 MONTHS \$	1 TO 5 YEARS \$	5 + YEARS \$	TOTAL \$
Trade and other payables	-	1,814,390	-	-	-	-	1,814,390
Lease liability – rental property (fixed interest rate)	3.56	40,141	43,764	117,184	744,579	-	945,668
		1,854,531	43,764	117,184	744,579	-	2,760,058

2020							
Trade and other payables	-	1,930,432	-	-	-	-	1,930,432
Bank loan (variable interest rate with a floor)	10.78	67,938	140,405	5,760,396	6,882,030	-	12,850,769
Equipment mortgage (fixed interest rate)	5.26	8,599	25,798	68,796	157,639	-	260,832
Lease liability – rental property (fixed interest rate)	5.50	66,013	132,026	594,115	25,553	-	817,707
		2,072,982	298,229	6,423,307	7,065,222	-	15,859,740

(j) Fair Value of Financial Instruments

The Group has no financial assets that are measured at fair value and the only financial liability that is measured at fair value at the end of each reporting period is contingent consideration (Note 31). The value of financial assets and other financial liabilities approximate their fair value. The following table gives information about how the fair value of the financial liability is determined.

FINANCIAL LIABILITIES	FAIR VALUE AS AT		FAIR VALUE HIERARCHY	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	30 JUNE 2021 \$	30 JUNE 2020 \$				
Contingent consideration in a business combination (Note 31)	1,762,656	4,975,159	Level 3	Discounted cash flow	Discount rate of 25% (pre-tax) and probability adjusted revenue projections.	The higher the discount rate, the lower the value. The higher the possible revenue the higher the value.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS		2021 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION \$	2020 CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION \$
Opening balance		4,975,159	9,790,033
Total (gain) or loss:			
- in profit or loss		(3,212,503)	(4,814,874)
Closing balance		1,762,656	4,975,159

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2021 \$	2020 \$
Short-term employee benefits	2,269,030	1,527,499
Post-employment benefits	51,982	52,106
Other long-term benefits	9,480	16,434
Share-based payments	1,298,208	68,518
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	3,628,700	1,664,557

NOTE 25: COMMITMENTS FOR EXPENDITURE

(a) Operating Leases

Operating leases related to photocopiers with lease term of 5 years (2020: 1.5 years). The following table gives information about the lease commitment, which are not included in the lease liability due to the application of the practical expedients to exclude low value leases from lease liabilities.

	2021 \$	2020 \$
Non-Cancellable Operating Lease Commitments		
Within one year	5,064	7,284
Later than one year but not greater than five	19,412	3,642
Later than five years	-	-
MINIMUM LEASE PAYMENTS	24,476	10,926

(b) Rental Agreements

The Group sub-lets areas of its facility under an agreement that is renewed annually. The current rental arrangement expires on 12 July 2021 (2020: 30 June 2021). Rent received from these agreements is treated according to the accounting policy outlined in Note 2(s)(iii). The following table gives information about future rental income.

	2021 \$	2020 \$
Future Rental Income Receivable		
Within one year	6,549	203,014
Later than one year but not greater than five	-	-
	6,549	203,014

NOTE 26: REMUNERATION OF AUDITORS

	2021 \$	2020 \$
AUDIT OR REVIEW OF FINANCIAL REPORTS		
Group	86,500	110,000
French subsidiaries	-	74,972
OTHER ASSURANCE SERVICES		
Agreed upon procedures in relation to French subsidiaries cash statement and debt statement as at 28 February 2020	-	27,109
	86,500	212,081

The auditor of Bionomics Limited is Ernst & Young (2020: Deloitte Touche Tohmatsu).

NOTE 27: CASH FLOW INFORMATION

(a) Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. 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:

	2021 \$	2020 \$
Cash and cash equivalents (Note 8)	28,499,449	4,577,747

	2021 \$	2020 \$
(b) Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		
(Loss) for the year	(8,697,037)	(7,118,288)
Items in loss		
Depreciation and amortisation	1,700,878	2,443,386
Share-based payments	1,308,349	55,355
Loss/(Gain) on asset disposals	21,010	(173,934)
Contingent consideration – change in fair value	(3,212,503)	(4,823,874)
Amortisation of transaction costs	252,019	29,649
Accrual of final borrowing payment	528,819	544,357
Net gain arising on modification of borrowings measured at amortised costs that were not derecognised	-	(199,089)
Net foreign exchange differences	(1,067,746)	558,645
Loss on disposal of French operations	-	802,502
Interest received	(5,756)	(58,369)
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in receivables	34,078	(202,257)
Decrease in research and development incentive receivable	1,991,468	4,145,659
(Increase)/Decrease in other assets	(85,648)	348,768
Increase in inventory	-	(28,291)
(Decrease)/Increase in payables	(63,305)	127,451
(Decrease) in provisions	(55,923)	(85,407)
(Decrease) in other liabilities	-	(20,876)
(Decrease) in deferred tax liability	(187,427)	(248,580)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	(7,538,724)	(3,903,193)

NOTE 28: LOSS PER SHARE

	2021	2020
FROM CONTINUING AND DISCONTINUING OPERATIONS		
Basic Loss per share	(\$0.01) (1 cent)	(\$0.01) (1 cent)
Diluted Loss per share	(\$0.01) (1 cent)	(\$0.01) (1 cent)
FROM CONTINUING OPERATIONS		
Basic Loss per share	(\$0.01) (1 cent)	(\$0.01) (1 cent)
Diluted Loss per share	(\$0.01) (1 cent)	(\$0.01) (1 cent)

The basic and diluted loss per share amounts have been calculated using the 'Loss after income tax' figure in the consolidated statement of profit or and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 28: LOSS PER SHARE CONT.

	2021 \$	2020 \$
LOSS PER SHARE (BASIC AND DILUTED):		
Loss after tax for the year from continuing and discontinuing operations	(8,697,037)	(7,118,288)
Loss after tax for the year from continuing operations	(8,697,037)	(5,818,975)

	2021 NUMBER	2020 NUMBER
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES - BASIC		
Weighted average number of ordinary shares used in calculating basic loss per share:	779,941,036	544,871,870
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES - DILUTED		
Weighted average number of ordinary shares used in calculating basic loss per share:	779,941,036	544,871,870
Shares deemed to be issued for no consideration in respect of employee options	20,056,450	5,296,550
Potential ordinary shares which are anti-dilutive and excluded	(20,056,450)	(5,296,550)
Shares deemed to be issued for no consideration in respect of warrants	166,082,988	40,207,472
Potential ordinary shares which are anti-dilutive and excluded	(166,082,988)	(40,207,472)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN THE CALCULATION OF DILUTED LOSS PER SHARE	779,941,036	544,871,870

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share.

	2021 NUMBER	2020 NUMBER
Employee options	20,056,450	5,296,550
Warrants	166,082,988	40,207,472

NOTE 29: RELATED PARTY TRANSACTIONS

(a) Parent Entity

The immediate parent and ultimate controlling party of the Group is Bionomics Limited. Interests in subsidiaries are set out in Note 12.

(b) Key Management Personnel

Disclosures relating to compensation of key management personnel are set out in Note 24 and the Directors' Report.

(c) Loans to Directors and Other Key Management Personnel

There were no loans to any Directors of the Company or other key management personnel of the Group during the financial year ended 30 June 2021 (2020: Nil).

(d) Memorandum of Understanding ("MOU") with EmpathBio Inc ("EmpathBio")

On 17 February 2021, the Company entered into a Memorandum of MOU with EmpathBio Inc, a wholly owned subsidiary of Germany-based CNS clinical development company, atai Life Sciences NV ("atai"), what is a related party of Apeiron (a director related entity), when the MOU was signed. Under the MOU, the Company and EmpathBio propose to collectively explore a combination drug treatment regimen with Bionomics' BNC210 and EmpathBio's 3,4-Methylenedioxymethamphetamine (MDMA) derivative EMP-01. The parties will explore whether the different mechanisms of action of EMP-01 and BNC210 may offer the potential for developing an improved treatment regimen for the treatment of PTSD.

(e) Shares issued to Apeiron (a director related entity)

During the year ended 30 June 2021, the following shares were issued to Apeiron:

- 54,333,000 shares at \$0.04 per share (2020: 81,500,000 shares at \$0.04 per share) as a result of a share placements: and
- 26,222,424 shares at \$0.145 per share as a result of the Rights Issue that occurred.

(f) Shares issued to BVF Partners (a director related entity) ("BVF")

During the year ended 30 June 2021 10,864,351 shares at \$0.04 per share and 36,115,866 shares at \$0.145 per share were issued to BVF, as a result of the rights issued that occurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 29: RELATED PARTY TRANSACTIONS CONT.

(g) Shares issued to Directors

During the year ended 30 June 2021 shares were issued to the following Directors as a result of the rights issue that occurred:

- 15,949 shares at \$0.04 per share to Mr Peter Turner; and
- 15,949 shares at \$0.04 per share and 35,990 shares at \$0.145 per share to Mr David Wilson.

(h) Shares issued to Other Key Management Personnel

On 28 August 2020 314,246 fully paid shares were issued to Mr Jack Moschakis and 109,986 fully paid shares were issued to Ms Liz Doolin as part of their bonus for the year ended 30 June 2020, based on the average 5 day VWAP for the period to 28 August 2020.

(i) Share options issued to Directors and Other Key Management Person

During the year ended 30 June 2021 share options were issued to Dr Errol De Souza, Dr Jane Ryan, Mr Jack Moschakis and Ms Liz Doolin, details about these share options are set out in Note 21(b) to the Financial Statements.

(j) Warrants issued to Apeiron (a director related entity)

On 26 August 2020, shareholders approved, as consideration for Apeiron underwriting a share issue that would raise at least \$15 million, that Apeiron would be issued 150 million warrants to subscribe for shares at \$0.06 per share with an expiry date of 23 August 2023, details about these warrants are set out in Note 21(c) to the Financial Statements.

NOTE 30: PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information for the year ended 30 June shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

FINANCIAL POSITION	2021 \$	2020 \$
ASSETS		
Current assets	31,589,198	9,476,586
Non-current assets	20,830,576	22,330,434
TOTAL ASSETS	52,419,774	31,807,020
LIABILITIES		
Current liabilities	2,359,177	8,270,605
Non-current liabilities	2,463,060	11,305,403
TOTAL LIABILITIES	4,822,237	19,576,008
NET ASSETS	47,597,537	12,231,012
EQUITY		
Issued capital	190,190,147	148,156,005
Reserves	6,328,691	7,125,413
Accumulated losses	(148,921,301)	(143,050,406)
TOTAL EQUITY	47,597,537	12,231,012
FINANCIAL PERFORMANCE		
(Loss) for the year	(9,415,213)	(2,343,333)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)	(9,415,213)	(2,343,333)

(a) Property, Plant and Equipment Commitments

There are no contractual commitments for the acquisition of property, plant or equipment as at 30 June 2021 (2020: Nil).

(b) Contingent Liabilities and Guarantees

The contingent liabilities and guarantees of the parent are the same as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 31: 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; see Note 23 (j), for information about the calculation of the fair value. As at 30 June 2021, the liability decreased by \$3,212,503 as the expected cash flows have been modified to reflect the anticipated amounts and timing of potential milestone and royalty payments from the recent signed licensing agreement with Carina Biotech Pty Ltd ("Carina"). Previously, the amounts were based on licensing agreements for other compounds. Australian Accounting Standards required that in a "business combination" (the Company acquiring Eclipse) any contingent consideration liability at acquisition date needs to be recorded at the fair value and subsequent changes in the fair value is recognised in profit or loss, but any contingent assets at acquisition date are not allowed to be recorded. The Company has a contingent asset (the expected payments to be received from Carina) at 30 June 2021 which is greater than the contingent consideration liability.

	2021 \$	2020 \$
OPENING BALANCE	4,975,159	9,799,033
Change in fair value	[3,212,503]	[4,823,874]
CLOSING BALANCE	1,762,656	4,975,159

NOTE 32: CONTINGENT LIABILITIES

- (i) In January 2012, the Company entered into a research and license agreement with Ironwood Pharmaceuticals, Inc., or Ironwood, pursuant to which Ironwood was granted worldwide development and commercialisation rights for BNC210. In November 2014, the parties mutually agreed to terminate this license agreement, reverting all rights to BNC210 back to the Company. The sole obligation to Ironwood is to pay Ironwood low single digit royalties on the net sales of BNC210, if commercialised. It is not practicable to estimate the future payments of any such royalties that may arise due to the stage of development of BNC210.
- (ii) The Group has provided a restricted cash deposit of \$554,640 (2020: \$436,174) as security for an unconditional irrevocable bank guarantee as a rent guarantee of \$554,640 (2020: \$435,640) to the landlord of the Company's leased office premises.
- (iii) The Group has entered into employment agreements with several key employees and has a contingent liability of \$Nil (2020: \$360,000) in relation to these agreements, where the employee is terminated by the Company without cause.

NOTE 33: DISCONTINUED OPERATIONS

On 3 March 2020, the Company sold its two wholly owned French subsidiaries, Neurofit SAS and PC SAS, which carried out all the Group's contract service business. The sale price of Euro 1,790,029 is the amount of intercompany debt owed by the Company to the subsidiaries for scientific research conducted by them on the Company's drug candidates and this debt was assumed by the purchaser upon acquisition of the two companies.

Costs incurred by the Company in relation to this transaction were \$207,143. The disposal of the contract service operations is consistent with the Group's long-term policy to focus its activities on the clinical trial of BNC210 for the treatment of PTSD.

(a) Analysis Assets and Liabilities Over Which Control Was Lost

	YEAR ENDED 30 JUNE 2020 \$
CURRENT ASSETS	
Cash and cash equivalents	800,849
Trade and other receivables	1,047,259
Research and development incentives receivable	770,054
Inventories	692,832
Other assets	85,115
NON-CURRENT ASSETS	
Property, plant and equipment	2,006,977
Right-to-use asset – rented property	1,424,365
Other intangible assets	574

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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NOTE 33: DISCONTINUED OPERATIONS CONT.

(a) Analysis Assets and Liabilities Over Which Control Was Lost (Cont.)

	YEAR ENDED 30 JUNE 2020 \$
CURRENT LIABILITIES	
Trade and other payables	(2,312,900)
Lease liability – rented property	(161,723)
Provisions	(446,148)
Other Liabilities	(204,860)
NON-CURRENT LIABILITIES	
Other payables	(816,663)
Lease liability – rented property	(1,278,599)
Deferred tax liabilities	(514,962)
NET ASSETS DISPOSED OF	1,092,170

(b) Loss on Disposal of Subsidiary

	2020 \$
Net assets disposed of	(1,092,170)
Costs relating to the disposal incurred by the Company	(207,143)
LOSS ON DISPOSAL	(1,299,313)

(c) Net Cash Outflow on Disposal of Subsidiaries

	2020 \$
Cash and cash equivalent balances disposed of	(800,849)
Costs relating to the disposal incurred by the Company	(207,143)
NET CASH OUTFLOW	(1,007,992)

(d) Analysis of (Loss)/Profit for the Year from Discontinued Operations

The combined results of the discontinued operation (contract service business) included in the loss for the year ended 30 June are set out below.

	2020 \$
Revenue	3,422,584
Other income	391,505
	3,814,089
Expenses	(4,242,502)
Loss before income tax benefit	(428,413)
Income tax benefit	40,968
	(387,445)
Loss on disposal of operations including a cumulative gain of \$496,811 recycled from foreign currency translation reserve to profit and loss	(911,868)
Attributable income tax expenses	-
	(911,868)
LOSS FROM DISCONTINUED OPERATIONS	(1,299,313)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

NOTE 33: DISCONTINUED OPERATIONS CONT.

(e) Analysis of Cash Flows from Discontinued Operations

The cash flows from discontinued operations for the year ended 30 June 2020 are set out below:

	2020 \$
CASH FLOWS FOR THE YEAR FROM DISCONTINUED OPERATIONS	
Inflows from operating activities	470,767
Outflows from investing activities	(7,704)
Outflows from financing activities	(100,489)
NET CASH FLOW	362,574

NOTE 34: EVENTS OCCURRING AFTER REPORTING DATE

From 1 July 2021 Dr Errol De Souza is on a new employment contract, details are set out below:

- Fixed Remuneration of US \$43,750 per month (plus reimbursement of health care benefits of up to US \$22,000 per year), plus a short term incentive/bonus potential of 60% of Fixed Remuneration as assessed by the independent Non-Executive directors against agreed financial, strategic and operational targets, for performance exceeding such applicable performance criteria the Annual Bonus may be increased up to 100% of Base Salary and the grant a long term incentive of 47,786,807 options vested over four years, subject to shareholder approval.
- The expiry date of the employment contract is 30 June 2024, however on the expiration of the initial three-year term and on each yearly anniversary thereof, the employment contract shall automatically renew for an additional one-year period unless sooner terminated in accordance with the provisions of the employment contract or by notice of non-renewal at least 120 days prior to the end of the three-year term.
- For Termination for Cause: the Company will pay earned but unpaid Base Salary and Annual Bonus with 1 month's written notice. For Voluntary Resignation Without Good Reason: the employee will provide 6 months' notice. For Termination Without Cause, Redundancy or Resignation for Good Reason, the Company will:
 - pay severance of twelve (12) months of Base Salary plus a pro rata amount of the target bonus potential to be paid in equal instalments over the following 12-month period, and
 - any outstanding equity compensation awards will fully and immediately vest with respect to any amounts that would have vested as if remaining employed for an additional 24 months.

Any termination benefits in excess of the limits in the Corporations Act are subject to shareholder approval.

Bionomics announced its plans to conduct an initial public offering (IPO) in the United States. The proposed offering is expected to commence after the U.S. Securities and Exchange Commission completes its review process of a registration statement that the company intends to file.

Bionomics announced that it is expecting to propose, in connection with and prior to any such proposed U.S. offering, to

make a capital distribution representing an economic interest in the net after tax royalty payments (if any), received by Bionomics under its exclusive Research Collaboration and License Agreement with MSD (known as Merck & Co. in the United States) relating to BNC375 and related compounds.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the results of the operations of the Group.

NOTE 35: IMPACT OF COVID-19

The Board and Management have considered the impact of COVID-19 on the Company's operations and financial performance. Overall, operations for the year ended 30 June 2021 have not been materially affected by the COVID-19 pandemic. During the year, the Company received \$171,500 (2020: \$108,500) in Australian government assistance through the cash flow boost and Jobkeeper payments, which has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as Other Income.

The clinical trial for PTSD started in the United States during July 2021 and to date has not been affected by the COVID-19 pandemic except for postponing screening and enrolment of one potential participant into the trial. However, there may be disruptions caused by COVID-19 pandemic that may result in increased costs and delays in completing the PTSD clinical trial. The Company is working closely with its clinical partners and has taken the necessary steps to allow for adjustments in the clinical trial protocol should they be required due to restrictions that may be imposed during the COVID-19 pandemic.

The Company cannot predict the scope and severity of any further disruptions as a result of COVID-19 or its impact on the business. Unforeseen disruptions to the business or any of the third parties we use, including the collaborators, contract organisations, manufacturers, suppliers, clinical trial sites, and regulators could materially and negatively impact our ability to conduct business in the manner and on the timelines presently planned. The extent to which COVID-19 pandemic may continue to impact the business and financial performance will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Currently, the Company is unable to determine the extent of the impact of the pandemic on the clinical trials, operations and financial performance going forward. These developments are highly uncertain and unpredictable and may materially adversely affect the Company's future operating results and financial position.

DIRECTORS' DECLARATION

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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;
- b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards issued by the International Financial Reporting Standards, as stated in Note 2 to the financial statements;
- c) 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; and
- d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Errol De Souza
Executive Chairman

Dated this 25th Day of August 2021



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working world**

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Independent auditor's report to the members of Bionomics Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Bionomics Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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, Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b. 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 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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



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Carrying value of goodwill, intangible assets and contingent consideration liability

Why significant	How our audit addressed the key audit matter
<p>At June 2021, the Group has goodwill of \$12,400,743, other intangible assets of \$9,945,755 arising from the acquisition of controlled entities in prior periods and drug compounds in development as outlined in Notes 15 and 16 respectively.</p> <p>A liability for contingent consideration arising in respect of past acquisitions of \$1,762,656 was recorded, as outlined in Notes 23 and 31.</p> <p>The determination of the recoverable amounts of goodwill and intangible assets used in assessing the carrying value of these assets for impairment requires significant judgements and estimates to be made by the Group.</p> <p>The determination of the fair value of the contingent consideration liability is dependent on assumptions associated with the timing and amount of expected future cashflows from licensing agreements.</p> <p>Accordingly, the carrying value of goodwill, intangible assets and the contingent consideration liability was considered to be a key audit matter.</p> <p>The key judgements and estimates made by the Group in determining the recoverable amounts of the goodwill and intangible assets and the fair value of the contingent consideration include:</p> <ul style="list-style-type: none"> ▶ forecast probabilities of achieving the various phases in the lifecycle of the development of the drug compounds; ▶ likelihood of the Group being able to identify partnership opportunities with a Pharma company to further develop their compounds under licencing agreements and the value of anticipated milestone under those agreements; and ▶ discount rates used for calculating the present values of forecast cash flows. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed whether the methodology applied by the group to determine the recoverable amount of goodwill and other intangible assets was in accordance with Australian Accounting Standards. ▶ Agreed forecast expected future cashflows and expenditure to Board approved budget and five year forecasts. ▶ Assessed the forecast probabilities of achieving projected milestones at the various phases in the lifecycle of drug compounds against industry data. ▶ Assessed the historical accuracy of the Group's forecasts; ▶ In conjunction with our valuation specialists, determined whether the discount rate used by the Group was reasonable. ▶ Obtained an understanding of how the Group structures and prices its licencing agreements and benchmarks against other industry participants. ▶ Considered the Group's assumptions regarding the size of the therapeutic area market and the in-development product's projected share of this market through both discussion with a range of commercial personnel and comparison to external scientific literature and market research. ▶ Evaluated the Group's assessment of the current timing of the phases of each of the drug compounds in line with the market announcement made by the Group. We interviewed a range of key research, development, and commercial personnel to corroborate these assumptions. ▶ Where contractual arrangements existed, we assessed the key assumptions for the probability and value of milestones and royalty payments at the various phases against these. ▶ Considered whether the Group's approach to determining the fair value of the contingent consideration liability satisfied the requirements of Australian Accounting Standards. ▶ Evaluated the discount rate used by the Group to determine the present value of the contingent consideration liability. ▶ Performed sensitivity analysis on the key assumptions used in determining the contingent consideration liability; and ▶ Considered the associated financial report disclosures included in Notes 15, 16, 23 and 31.



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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 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 accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 judgment 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.



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- ▶ 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 audit. We remain solely responsible for our audit opinion.

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 safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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.



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Report on the audit of the Remuneration Report

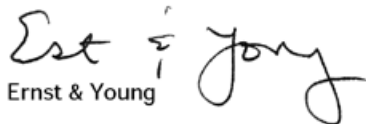
Opinion on the Remuneration Report


We have audited the Remuneration Report included in pages 14 to 23 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Bionomics Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


Ernst & Young


Nigel Stevenson
Partner
Adelaide
25 August 2021

CORPORATE GOVERNANCE STATEMENT AND SHAREHOLDER INFORMATION

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SHAREHOLDER INFORMATION

All shareholder information provided is current as at 28 September 2021 (per ASX Listing Rule 4.10).

CORPORATE GOVERNANCE STATEMENT

The 2021 Corporate Governance Statement is located on the Company's website under the "About" tab then "Corporate Governance", or by copying the following into a web browser: <https://www.bionomics.com.au/about/corporate-governance>.

Substantial holders

The Company has received the following notices of substantial shareholdings:

NAMES OF SUBSTANTIAL HOLDER/S	DATE NOTICE RECEIVED BY THE COMPANY	RELEVANT INTEREST IN NUMBER OF SECURITIES	PERCENTAGE OF TOTAL VOTING RIGHTS
BVF Partners L.P. on its own behalf and on behalf of BVF Inc., Mark N. Lampert, BVF I GP LLC, Biotechnology Value Fund, L.P., BVF II GP LLC and Biotechnology Value Fund II, L.P.	12/4/2021	155,517,432	15.49%
Apeiron Investment Group Limited (Apeiron) and Christian Berthold Angemayer	14/4/2021	123,240,066	12.28%

Distribution and number of holders of equity securities

The following table shows the distribution of equity holders by size of holdings and number of holders as at 28 September 2021:

	ORDINARY SHARES			OPTIONS OVER ORDINARY SHARES			WARRANTS EXCHANGEABLE INTO ORDINARY SHARES		
	NUMBER OF HOLDERS ORDINARY SHARES	NUMBER OF ORDINARY SHARES ISSUED	% OF TOTAL ORDINARY SHARES ISSUED	NUMBER OF HOLDERS OPTIONS	NUMBER OF OPTIONS ISSUED	% OF TOTAL OPTIONS ISSUED	NUMBER OF HOLDERS WARRANTS	NUMBER OF WARRANTS ISSUED	% OF TOTAL WARRANTS ISSUED
1 to 1,000	482	214,371	0.02%	0	0	0%	0	0	0%
1,001 to 5,000	1,682	4,872,295	0.48%	2	10,000	0.05%	0	0	0%
5,001 to 10,000	906	7,211,164	0.71%	11	107,000	0.56%	0	0	0%
10,001 to 100,000	2,148	74,532,533	7.38%	39	1,195,700	6.30%	0	0	0%
100,001 and over	596	922,766,381	91.41%	16	17,657,750	93.09%	13	166,082,988	100.00%
TOTAL	5,814	1,009,596,744	100.00%	68	18,970,450	100.00%	13	166,082,988	100.00%

At the closing market price of \$0.170 per share, there were 1,407 shareholders with less than a marketable parcel of \$500.

Holdings of →20% of unquoted equity securities

1 holder holds more than 20% of unquoted Warrants, being Apeiron Investment Group Ltd who hold 142,000,000 Warrants exchangeable into ordinary shares, representing 85% of total Warrants.

Company Secretary

Ms Suzanne Irwin

Registered and Administrative Office

200 Greenhill Road,
Eastwood, SA 5063, Australia.
Phone: +61 8 8150 7400

CORPORATE GOVERNANCE STATEMENT AND SHAREHOLDER INFORMATION

Shareholder Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA Australia 5000
Telephone: 1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)
E-mail: web.queries@computershare.com.au
Web Address: www.computershare.com:

Shareholder's information in relation to shareholding or share transfer can be obtained by contacting the company's share registry. For all correspondence to the share registry, please provide your Security-holder Reference Number (SRN) or Holder Identification Number (HIN).

Securities exchange listing

Bionomics, a listed public Company, is domiciled and incorporated in Australia. Bionomics' primary listing is on the Australian Securities Exchange (ASX) and trades under the ticker code BNO.

Bionomics ordinary shares also trade in the United States on the OTCQB under the ticker code "BNOEF". Investors can find current financial disclosure and real-time Level 2 quotes for Bionomics on www.otcmarkets.com. For more information, please visit www.otcmarkets.com.

Twenty largest holders of quoted equity securities

The registered names of the twenty largest security holders of quoted equity securities are listed below.

POSITION	HOLDER NAME	HOLDING	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	312,436,400	30.95
2	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	74,485,740	7.38
3	BNP PARIBAS NOMS PTY LTD (DRP)	41,275,177	4.09
4	US REGISTER CONTROL A/C/C	34,208,416	3.39
5	BELL POTTER NOMINEES LTD (BB NOMINEES A/C)	28,472,814	2.82
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED (GSCO CUSTOMERS A/C)	21,460,207	2.13
7	BNP PARIBAS NOMINEES PTY LTD BERENBERG OMX CLIENT B2B (DRP A/C)	19,781,386	1.96
8	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD (DRP A/C)	19,458,692	1.93
9	FORWARD VISION VII LP SERIES 2	19,378,501	1.92
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	18,101,438	1.79
11	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD (DRP A/C)	17,945,687	1.78
12	CITICORP NOMINEES PTY LIMITED	17,699,930	1.75
13	CS FOURTH NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 11 A/C)	15,467,564	1.53
14	MR JASON HOWARD DAVID CAMM	9,102,132	0.90
15	L&M GROUP LIMITED	8,884,085	0.88
16	NATIONAL NOMINEES LIMITED (DB A/C)	8,655,315	0.86
17	LIFESCI VENTURE PARTNERS II LP	7,995,000	0.79
18	AMBRIA INVESTORS LP	4,845,050	0.48
19	WELAS PTY LTD (THE WALES FAMILY SUPER A/C)	4,403,719	0.44
20	QUALVEST PTY LTD (LIN SUPER FUND A/C)	4,000,000	0.40
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	688,057,253	68.15%

Voting rights

There is one class of quoted equity securities issued by the Company, ordinary, with voting rights attached to the ordinary shares. One share equates to one vote.

Unlisted Options and Warrants carry no dividend or voting rights.

On-market buy back

The Company does not have a current buy-back plan.

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