ASX RELEASE

18 October 2022

AGM NOTICE OF MEETING

Sydney, 18 October 2022 – Kazia Therapeutics Limited (ASX: KZA; NASDAQ: KZIA), an oncology-focused drug development company, is pleased to provide a copy of the SEC Form 20F, covering the Company's annual US filing requirements, which has been filed overnight in the United States.

About Kazia Therapeutics Limited

Kazia Therapeutics Limited (NASDAQ: KZIA; ASX: KZA) is an oncology-focused drug development company, based in Sydney, Australia.

Our lead program is paxalisib, a brain-penetrant inhibitor of the PI3K / Akt / mTOR pathway, which is being developed to treat glioblastoma, the most common and most aggressive form of primary brain cancer in adults. Licensed from Genentech in late 2016, paxalisib commenced recruitment to GBM AGILE, a pivotal study in glioblastoma, in January 2021. Seven additional studies are active in various forms of brain cancer. Paxalisib was granted Orphan Drug Designation for glioblastoma by the US FDA in February 2018, and Fast Track Designation for glioblastoma by the US FDA in August 2020. In addition, paxalisib was granted Rare Pediatric Disease Designation and Orphan Designation by the US FDA for DIPG in August 2020, and for AT/RT in June 2022.

Kazia is also developing EVT801, a small-molecule inhibitor of VEGFR3, which was licensed from Evotec SE in April 2021. Preclinical data has shown EVT801 to be active against a broad range of tumour types and has provided compelling evidence of synergy with immuno-oncology agents. A phase I study commenced recruitment in November 2021.

For more information, please visit www.kaziatherapeutics.com or follow us on Twitter @KaziaTx.

This document was authorized for release to the ASX by James Garner, Chief Executive Officer, Managing Director.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended 30 June 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 0-29962

Kazia Therapeutics Limited

ACN 063 259 754
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

New South Wales, Australia
(Jurisdiction of incorporation or organization)

Three International Towers Level 24, 300 Barangaroo Avenue, Sydney, New South Wales 2000, Australia
(Address of principal executive offices)

Karen Krumeich
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Three International Towers Level 24, 300 Barangaroo Avenue, Sydney, New South Wales 2000, Australia

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing ten Ordinary Shares*	**KZIA**	**The NASDAQ Stock Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act.
None

* Not for trading, but only in connection with the registration of American Depositary Shares.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding Ordinary Shares of the issuer as at 30 June 2022, was 138,755,376.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If 'Other' has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F includes forward-looking statements, which involve a number of risks and uncertainties. These forward-looking statements can generally be identified as such because the context of the statement will include words such as "may," "will," "intend," "plan," "believe," "anticipate," "expect," "estimate," "predict," "potential," "continue," "likely," or "opportunity," the negative of these words or other similar words. Similarly, statements that describe our future plans, strategies, intentions, expectations, objectives, goals or prospects and other statements that are not historical facts are also forward-looking statements. Discussions containing these forward-looking statements may be found, among other places, in "Business Overview" and "Operating and Financial Review and Prospects" in this Annual Report on Form 20-F. For such statements, we claim the protection of the Private Securities Litigation Reform Act of 1995 and section 27A of the Securities Act and Section 21E of the Exchange Act. Readers of this Annual Report on Form 20-F are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the time this Annual Report on Form 20-F was filed with the Securities and Exchange Commission, or SEC. These forward-looking statements are based largely on our expectations and projections about future events and future trends affecting our business and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. These risks and uncertainties include, without limitation, those discussed in "Risk Factors" and in "Operating and Financial Review and Prospects" of this Annual Report on Form 20-F. In addition, past financial or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. Except as required by law, we undertake no obligation to update publicly or revise our forward-looking statements to reflect events or circumstances that arise after the filing of this Annual Report on Form 20-F.

In this Annual Report on Form 20-F, "Kazia," "Company," "we," "us" and "our" refer to Kazia Therapeutics Limited and its wholly owned subsidiaries on a consolidated basis, unless the context otherwise provides.

PART I

Item 1. Identity of Directors, Senior Management and Advisors

Item 1 details are not required to be disclosed as part of the Annual Report.

Item 2. Offer Statistics and Expected Timetable

Item 2 details are not required to be disclosed as part of the Annual Report.

Item 3. Key Information

A. Selected financial data

[Reserved]

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk factors

Investment in our securities involves a high degree of risk. You should consider carefully the risks described below, together with other information in this Annual Report on Form 20-F and our other public filings, before making investment decisions regarding our securities. If any of the following events actually occur, our business, operating results, prospects or financial condition could be materially and adversely affected. This could cause the trading price of our common stock to decline and you may lose all or part of your investment. Moreover, the risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also affect our business, operating results, prospects or financial condition.

Risks Related to Our Financial Condition and Capital Requirement

We have incurred significant net losses. We anticipate that we will continue to incur significant net losses for the foreseeable future and we may never achieve or maintain profitability.

We are a biotechnology company and have not yet generated significant revenue. We have incurred losses of A$12.5 million, A$8.4 million and A$24.6 million for the fiscal years ended June 30, 2020, 2021 and 2022, respectively. We have not generated any revenues from sales of any of our product candidates in prior financial years, however in the fiscal year ended June 30, 2021 we did generate revenues of A$15.2 million from the licensing of our development stage drug candidates.

As of 30 June 2022, we had accumulated losses of A$68.3 million. We have devoted most of our financial resources to research and development, including our clinical development activities. To date, we have financed our operations primarily through the issuance of equity securities, research and development grants from the Australian government and payments from our collaboration partners. While we have generated significant revenue in recent fiscal years from license transactions, the nature of such revenue is irregular and unpredictable, and is based upon achievement of milestones over which we have limited or no control. As a consequence, we expect to continue to incur significant operating losses for the foreseeable future due to the cost of research and development including clinical trials and the regulatory approval process for product candidates. The amount of our future net losses is uncertain and will depend, in part, on the rate of our future expenditures. Our ability to continue operations will depend on, among other things, our ability to obtain funding through equity or debt financings, strategic collaborations or grants.

We expect to continue to incur significant expenses and similar or increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- continue our research and clinical development of our product candidates;
- expand the scope of our current clinical studies for our product candidates or initiate additional clinical or other studies for product candidates;
- seek regulatory and marketing approvals for any of our product candidates that successfully complete clinical trials;
- further develop the manufacturing process for our product candidates;
- change or add additional manufacturers or suppliers;
- seek to identify and validate additional product candidates;
- acquire or in-license other product candidates and technologies;
- maintain, protect and expand our intellectual property portfolio;
- create additional infrastructure to support our operations as a public company in the United States and our product development and future commercialization efforts; and
- experience any delays or encounter issues with any of the above.

The net losses we incur may fluctuate significantly from year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance.

We have never generated any revenue from product sales and may never be profitable.

Our ability to generate significant revenue and achieve profitability depends on our ability, alone or with strategic collaboration partners, to successfully complete the development of and obtain the regulatory approvals for our product candidates, to manufacture sufficient supply of our product candidates, to establish a sales and marketing organization or suitable third-party alternative for the marketing of any approved products and to successfully commercialize any approved products on commercially reasonable terms. All of these activities will require us to raise sufficient funds to finance business activities. In addition, we do not anticipate generating revenue from commercializing product candidates for the foreseeable future, if ever. Our ability to generate future revenues from commercializing product candidates depends heavily on:

- successfully initiating and completing clinical trials of our product candidates;
- the timing of the initiation and completion of preclinical studies and clinical trials
- the timing of patient enrollment and dosing in any future clinical trials;
- the timing of the availability of data from clinical trials
- expectations about the successful completion of clinical trials
- obtaining regulatory and marketing approvals for product candidates for which we complete clinical trials;
- the timing of expected regulatory filings;
- expectations about approval by regulatory authorities of our drug candidates;

- the impact that the COVID-19 pandemic could have on our operations;
- the clinical utility and potential attributes and benefits of our product candidates, including the potential duration of treatment effects;
- potential licenses of intellectual property and collaborations;
- the commercialization of our product candidates, if approved;
- expectations regarding expenses, ongoing losses, future revenue and capital needs;
- our financial performance;
- the length of time over which we expect our cash and cash equivalents to be sufficient;
- our intellectual property position and the duration of our patent portfolio;
- maintaining, protecting and expanding our intellectual property portfolio, and avoiding infringing on intellectual property of third parties;
- establishing and maintaining successful licenses, collaborations and alliances with third parties;
- developing a sustainable, scalable, reproducible and transferable manufacturing process for our product candidates;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide products and services adequate, in amount and quality, to support clinical development and commercialization of our product candidates, if approved;
- launching and commercializing any product candidates for which we obtain regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing a sales, marketing and distribution infrastructure;
- obtaining market acceptance of any product candidates that receive regulatory approval as viable treatment options;
- the outcome of corresponding endeavors in respect of competitive or potentially competitive product candidates by other drug development companies;
- obtaining favorable coverage and reimbursement rates for our products from third-party payers;
- addressing any competing technological and market developments;
- identifying and validating new product candidates; and
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter.

Even if one or more of our product candidates is approved for commercial sale, we may incur significant costs associated with commercializing any approved product candidate. As one example, our expenses could increase beyond expectations if we are required by the U.S. Food and Drug Administration, or FDA, or other regulatory agencies, domestic or foreign, to perform clinical and other studies in addition to those that we currently anticipate. Even if we are able to generate revenues from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations, which could have an adverse effect on our business, financial condition, results of operations and prospects.

The Company has two product candidates currently in clinical trials. Failure of one or both of these therapies to show benefit to patients could materially affect the continuity of our business and our financial condition.

The Company's lead programs include paxalisib (formerly GDC-0084), a small molecule inhibitor of the PI3K/Akt/mTOR pathway, and EVT801, a small molecule selective inhibitor of vascular endothelial growth factor receptor 3 (VEGFR3). However, even though progress has been made, such as the clinical validation of the PI3K/Akt/mTOR pathway as a target for oncology therapies, development of our product candidates may prove unsuccessful, after completion of clinical trials, due to any failure to provide adequate beneficial effect to cancer patients. It is possible that either or both agents may fail to show sufficient benefit as an intended treatment for the specific cancer indication to become commercially viable products.

The Company has ongoing clinical trials in which experimental therapies are administered to human subjects. If profound and unexpected safety concerns are encountered in clinical trials, it may materially affect the continuity of our business and our financial condition.

Despite all applicable efforts to characterize the safety profile of our drug development candidates through animal studies and other mechanisms, the possibility of unexpected safety concerns remains. If one or both of our clinical stage candidates were found to be associated with profound and unexpected toxicity, the Company may be required to cease development, and may additionally incur other impairments to the business including reputational damage.

The Company relies on third-party contract manufacturing organizations to manufacture its drug product candidates. If one or more of these vendors were unable to meet the Company's needs, it may materially impact our business.

Manufacture of pharmaceutical material for human administration is technically complex and highly regulated. If one or more of the Company's vendors failed to produce drug product to the requisite standard, the continuity of the Company's operations may be severely disrupted. Even if a vendor was found deficient in respect of another product, it may impair the confidence of regulatory agencies in our product candidates, thereby disrupting our operations.

Global contract manufacturing capacity is limited, and the manufacturing process is not readily portable. As a result, the Company's ability to manufacture its product candidates in a timely manner is dependent on the availability of suitable capacity at its vendors.

The manufactured drug products, and their intermediaries, are of significant financial value. Loss, damage, or theft of this material, for example while in storage or transit, may result in significant detriment to the Company, which may be incompletely cured by insurance.

The Company's ability to continue as a going concern is dependent on its ability to raise capital to support its R&D programs.

The Company has limited cash resources and will periodically need additional funds to maintain the planned level of R&D activity. We expect to consume cash and incur operating losses for the foreseeable future as the Company continues developing its oncology drug candidates. The impact on cash resources and results from operations will vary with the extent and timing of future clinical trial programs. While it is not possible to make accurate predictions of future operating results, we expect existing cash and cash equivalents will be sufficient to enable us to continue our research and development activities until approximately the first quarter of calendar 2023.

As at 30 June 2022, we had cash on hand at the bank of A$7.4 million. The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realization of assets and settlement of liabilities in the normal course of business. As is often the case with drug development companies, our ability to continue as a going concern is dependent upon our ability to derive sufficient cash from investors, from licensing and partnering and collaboration activities and from other sources of revenue such as grant funding. The directors have considered the cash flow forecasts and the funding requirements of the business and are confident that the strategies in place are appropriate to generate sufficient funding to allow us to continue as a going concern.

If the Company is unable to obtain additional funds on favorable terms or at all, it may be required to cease or reduce its operations. Also, if the Company raises more funds by selling additional securities, the ownership interests of holders of its securities will be diluted.

Global economic uncertainty caused by rising inflation, political instability, and conflicts and other events of geopolitical significance, such as the COVID-19 pandemic and the conflict between Russia and Ukraine, could adversely affect our business and financial performance.

Negative global economic conditions may pose challenges to the Company's business strategy, which relies on access to capital from financial markets and/or investment by other companies. Failure to obtain sufficient funding on acceptable terms could have a material adverse effect on our business, results of operations and financial condition. Negative conditions in the global economy, including credit markets and the financial services industry, have generally made equity and debt financing more difficult to obtain, and may negatively impact the Company's ability to complete financing transactions. We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by the ongoing COVID19 pandemic and geopolitical instability due to the ongoing military conflict between Russia and Ukraine. Our business, financial condition, and results of operations may be materially adversely affected by the negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions. U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. In late February 2022, a military invasion of Ukraine by Russian troops began. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine has led to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain disruptions.

Additionally, various of Russia's actions have led to sanctions and other penalties being levied by the U.S., Australia, the European Union, and other countries, as well as other public and private actors and companies, against Russia and certain other geographic areas, including agreement to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system and restrictions on imports of Russian oil, liquified natural gas and coal. Additional potential sanctions and penalties have also been proposed and/or threatened. Russian military actions and the resulting sanctions could further adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds.

The duration and severity of these conditions is uncertain, as is the extent to which they may adversely affect the Company's business and the business of current and prospective vendors and collaborators. If negative global economic conditions persist or worsen, the Company may be unable to secure additional funding to sustain its operations or to find suitable collaborators to advance its internal programs, even if positive results are achieved from research and development efforts.

Any of the above-mentioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions, and resulting market disruptions are impossible to predict, but could be substantial.

If we are unable to raise sufficient funding on acceptable terms due to these or other factors, we may be unable to continue to operate. There is no assurance that we will be successful in obtaining sufficient financing on acceptable terms and conditions to fund continuing operations, if at all. Our failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Business Operations

We may not successfully engage in strategic transactions or enter into new collaborations, which could adversely affect our ability to develop and commercialize product candidates, impact our cash position, increase our expenses and present significant distractions to our management.

From time to time, we may consider additional strategic transactions, such as collaborations, acquisitions, asset purchases or sales and out- or in-licensing of product candidates or technologies. In particular we will evaluate and, if strategically attractive, seek to enter into additional collaborations, including with major biotechnology or pharmaceutical companies. The competition for collaborators is significant, and the negotiation process is time-consuming and complex. Any new collaboration may be on terms that are not optimal for us, and we may not be able to maintain any new or existing collaboration if, for example, development or approval of a product candidate is delayed, sales of an approved product candidate do not meet expectations or the collaborator discontinues the collaboration. Any such collaboration, or other strategic transaction, may require us to incur non-recurring or other charges, increase our expenditures, pose significant integration or implementation challenges or disrupt our management or business.

These transactions would entail numerous operational and financial risks, including exposure to unknown liabilities, incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs, higher than expected collaboration, acquisition or integration costs, write-downs of assets or goodwill or impairment charges, increased amortization expenses, difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business, impairment of relationships with key suppliers, manufacturers or customers of any acquired business due to changes in management and ownership and the inability to retain key employees of any acquired business.

Accordingly, although there can be no assurance that we will undertake or successfully complete any additional transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and have a material adverse effect on our business, results of operations, financial condition and prospects. Conversely, any failure to enter any collaboration or other strategic transaction that would be beneficial to us could delay and make more expensive the development and potential commercialization of our product candidates and have a negative impact on the competitiveness of any product candidate that reaches market.

Any inability to attract and retain qualified key management and technical personnel would impair our ability to implement our business plan.

Our success largely depends on the continued service of key management and other specialized personnel. The loss of one or more members of our management team or other key employees or advisors could delay or increase the cost of our research and development programs and materially harm our business, financial condition, results of operations and prospects. The relationships that our key managers have cultivated within our industry make us particularly dependent upon their continued employment with us. We are dependent on the continued service of our technical personnel because of the highly technical nature of our product candidates and the specialized nature of the regulatory approval process for our product candidates. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time without penalty. We do not maintain key person life insurance policies on any of our management team members or key employees. Our future success will depend in large part on our continued ability to attract and retain other highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical testing, manufacturing, governmental regulation and commercialization. We face competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations.

Our collaborations with outside scientists and consultants may be subject to restriction and change.

We work with medical experts, chemists, biologists and other scientists at academic and other institutions, and consultants who assist us in our research, development and regulatory efforts, including the members of our scientific advisory board. In addition, these scientists and consultants have provided, and we expect that they will continue to provide, valuable advice regarding our programs and regulatory approval processes. These scientists and consultants are not our employees and may have other commitments that would limit their future availability to us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services. In addition, we are limited in our ability to prevent them from establishing competing businesses or developing competing products. For example, if a key scientist acting as a principal investigator in any of our future clinical trials identifies a potential product or compound that is more scientifically interesting to professional interests, their availability to remain involved in any future clinical trials could be restricted or eliminated.

We face potential product liability, and, if successful claims are brought against us, we may incur substantial liability and costs. If the use of our product candidates harms patients, or is perceived to harm patients even when such harm is unrelated to our product candidates, our regulatory approvals could be revoked or otherwise negatively impacted and we could be subject to costly and damaging product liability claims.

The use of our product candidates in clinical trials and the sale of any products for which we may in the future obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with our product candidates. There is a risk that our product candidates may induce adverse events. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation;
- withdrawal of clinical trial participants;
- costs due to related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates;
- decreased demand for our product candidates, if approved for commercial sale; and
- increased cost, or impairment of our ability, to obtain or maintain product liability insurance coverage.

We may use our limited financial and human resources to pursue a particular research program or product candidate and fail to capitalize on programs or product candidates that may be more profitable or for which there is a greater likelihood of success.

Because we have limited resources, we may forego or delay pursuit of opportunities with certain programs or product candidates or for indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs for product candidates may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through strategic collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate, or we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a collaboration arrangement.

Our internal computer and information technology systems, or those of our collaborators and other development partners, third-party Contract Research Organizations (CROs) or other contractors or consultants, may fail or suffer security breaches, which could result in a disruption of our product development programs.

Despite the implementation of security measures, our internal computer and information technology systems and those of our current and any future CROs and other contractors, consultants and collaborators are vulnerable to damage from computer viruses, cyber-attacks, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Such events could cause interruptions of our operations. While we have not experienced any material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other similar disruptions. For example, the loss of clinical trial data from ongoing or future clinical trials or data from preclinical studies could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties to manufacture our product candidates and will rely on third parties to conduct future clinical trials, and similar events relating to their computer systems could also have similar consequences to our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development and commercialization of our product candidates could be delayed and become more expensive.

Our ability to utilize our net operating losses and certain other tax attributes may be limited.

We have substantial carried forward tax losses which may not be available to offset any future assessable income. In order for an Australian corporate taxpayer to carry forward and utilize tax losses, the taxpayer must pass either the continuity of ownership test, or, if it fails the COT, the same business test ("SBT"), or similar business test, in respect of relevant tax losses.

We have not carried out any formal analysis as to whether we have met the COT or, failing the COT, the SBT or similar business test over relevant periods. In addition, future shareholding changes may result in a significant ownership change for us. It is therefore uncertain as to whether any of our tax losses carried forward as of 30 June 2022 will be available to be carried forward and available to offset our assessable income, if any, in future periods.

Risks Related to the Product Development and Regulatory Approval of Our Product Candidates

We may not be able to obtain orphan drug exclusivity, where relevant, in all markets for our product candidates.

Regulatory authorities in some jurisdictions, including the United States, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a product intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States. The FDA may also designate a product as an orphan drug if it is intended to treat a disease or condition of more than 200,000 individuals in the United States and there is no reasonable expectation that the cost of developing and making a drug or biological product available in the United States for this type of disease or condition will be recovered from sales of the product candidate.

Generally, if a product with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the FDA from approving another marketing application for the same drug for such indication for that time period. The applicable period is seven years in the United States. Orphan drug exclusivity may be lost if the FDA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition.

Paxalisib (formerly GDC-0084) was granted orphan drug designation by the FDA in February 2018 for the treatment of glioblastoma, in August 2020 for the treatment of malignant glioma, which includes DIPG, a rare and highly aggressive childhood brain cancer, and in June 2022 for the treatment of atypical rhabdoid / teratoid tumors (AT/RT). However, even if we obtain orphan drug exclusivity for additional products in the United States or other jurisdictions, that exclusivity may not effectively protect the product from competition because different drugs can be approved for the same condition, and the same drug could be approved for a different condition. Moreover, even after an orphan drug is approved, the FDA can subsequently approve the same drug, made by a competitor, for the same condition if the FDA concludes that the competitive product is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care.

Positive results from preclinical studies of our product candidates are not necessarily predictive of the results of our planned clinical trials of our product candidates.

Positive results in preclinical proof of concept and animal studies of our product candidates may not result in positive results in clinical trials in humans. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical trials after achieving positive results in preclinical development or early-stage clinical trials, and we cannot be certain that we will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway or safety or efficacy observations made in clinical trials, including adverse events. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA or other regulatory authority approval. If we fail to produce positive results in our clinical trials of our product candidates, the development timeline and regulatory approval and commercialization prospects for our product candidates, and, correspondingly, our business and financial prospects, would be negatively impacted.

Even if the Company receives regulatory approval to commercialize its drug candidates, the ability to generate revenues from any resulting products will be subject to a variety of risks, many of which are out of the Company's control.

Regardless of regulatory approval, products arising from the development process may not gain market acceptance among physicians, patients, healthcare payers or the medical community. The Company believes that the degree of market acceptance and its ability to generate revenues from such products will depend on a number of factors, including, but not limited to:

- advancements in the treatment of cancer that make our treatments obsolete;
- market exclusivity and competitor products;
- timing of market introduction of the Company's drugs and competitive drugs;
- actual and perceived efficacy and safety of the Company's drug candidates;

- prevalence and severity of any side effects;
- potential or perceived advantages or disadvantages over alternative treatments;
- strength of sales, marketing and distribution support;
- price of future products, both in absolute terms and relative to alternative treatments;
- the effect of current and future healthcare laws on the Company's drug candidates; and
- availability of coverage and reimbursement from government and other third-party payers.

If any of the Company's drugs are approved and fail to achieve market acceptance, the Company may not be able to generate significant revenue to achieve or sustain profitability.

Risks Related to Commercialization of Our Product Candidates

The Company may not be able to establish the contractual arrangements necessary to develop, market and distribute the product candidates. Our failure to do so may adversely affect our business, results of operations and financial condition.

The Company has been successful in executing contractual agreements with strategic partners. This remains a key part of the Company's business plan and the Company must continue to partner with third parties to manufacture clinical grade drug product and conduct key pre-clinical and clinical investigations. Strategic agreements around packaging, branding, market access and distribution for its drug products will also eventually be required.

However, potential partners could be discouraged by the Company's limited operating history. There is no assurance that the Company will be able to negotiate commercially acceptable licensing or other agreements for the future exploitation of its drug product candidates including continued clinical development, manufacture or marketing. If the Company is unable to successfully contract for these services, or if arrangements for these services are terminated, the Company may have to delay the commercialization program which will adversely affect its ability to generate operating revenues.

The Company's commercial opportunity will be reduced or eliminated if competitors develop and market products, devices or other treatments that are more effective, have fewer side effects or are less expensive than its drug candidates.

The development of drug candidates is highly competitive and is high risk. A number of other companies have products or drug candidates in various stages of pre-clinical or clinical development that are intended for the same therapeutic indications for which the Company's drug candidates are being developed. Some of these potential competing drugs are further advanced in development than the Company's drug candidates and may be commercialized sooner. Even if the Company is successful in developing effective drugs, its compounds may not compete successfully with products produced by its competitors.

The Company's competitors include pharmaceutical companies and biotechnology companies, as well as universities and public and private research institutions. In addition, companies active in different but related fields represent substantial competition. Many of the Company's competitors developing oncology drugs have significantly greater capital resources, larger R&D staff and facilities and greater experience in drug development, regulation, manufacturing and marketing. These organizations also compete with the Company and its service providers, to recruit qualified personnel, and to attract partners for joint ventures and to license technologies. As a result, the Company's competitors may be able to develop technologies and products that would render the Company's technologies or its drug candidates obsolete or non-competitive.

Risks Related to Our Intellectual Property

If we are unable to protect intellectual property rights related to our product candidates, we may not be able to obtain exclusivity for our product candidates or prevent others from developing similar competitive products.

We rely upon a combination of patents, know-how, trade secret protection and confidentiality agreements to protect the intellectual property related to our product candidates. The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications that we own or in-license may fail to result in issued patents with claims that cover our product candidates in the United States or other jurisdictions. In addition, we cannot guarantee that any patents will issue from any pending or future patent applications owned by or licensed to us. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover our product candidates, third parties may initiate opposition, interference, re-examination, post-grant review, inter partes review, nullification or derivation action in court or before patent offices or similar proceedings challenging the validity, enforceability or scope of such patents, which may result in the patent claims being narrowed or invalidated. Furthermore, even if our patents and patent applications are unchallenged, they may not adequately protect our intellectual property, provide exclusivity for our product candidates or prevent others from designing around our claims. Any of these outcomes could impair our ability to prevent competition from third parties.

If the patent applications we hold or have in-licensed with respect to our programs or product candidates fail to issue, or are revoked, if the breadth or strength of our patent protection is threatened, or if our patent portfolio fails to provide meaningful exclusivity for our product candidates, it could dissuade companies from collaborating with us to develop product candidates and threaten our ability to commercialize future products. Any successful opposition to any patents owned by or licensed to us could deprive us of rights necessary for the successful commercialization of any product candidates that we may develop. Further, if we encounter delays in regulatory approvals, the period of time during which we could market a product candidate under patent protection could be reduced. Even where we have a valid and enforceable patent, we may not be able to exclude others from practicing our invention where the other party can show that they used the invention in commerce before our filing date or the other party benefits from a compulsory license. In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is filed. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from competitive medications, including biosimilar or generic medications. This risk is material in light of the length of the development process of our products and lifespan of our current patent portfolio.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our product candidate discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. What constitutes a trade secret and what protections are available for trade secrets varies from state to state in the United States and country by country worldwide. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, scientific advisors and contractors. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. Although we expect all of our employees and consultants to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed or that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and applications are required to be paid to the USPTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and applications. The USPTO and various corresponding governmental patent agencies outside of the United States require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process and after a patent has issued. There are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

Our success depends, in part, on our ability to protect our intellectual property and our technologies.

Our commercial success depends, in part, on our ability to obtain and maintain patent and trade secret protection for our technologies, our traits, and their uses, as well as our ability to operate without infringing upon the proprietary rights of others. If we do not adequately protect our intellectual property, competitors may be able to use our technologies and erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability.

Filing, prosecuting and defending patents on product candidates in all countries around the world would be prohibitively expensive. In addition, we may at times in-license third-party technologies for which limited international patent protection exists and for which the time period for filing international patent applications has passed. Consequently, we may not be able to prevent third parties from practicing our inventions, or from selling or importing products made using our inventions. Potential competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection but enforcement is difficult. These products may compete with our product candidates, if approved, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights around the world. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Risks Related to Our Reliance on Third Parties

The Company relies on third parties to conduct its pre-clinical studies and clinical trials. If those parties do not successfully carry out their contractual duties or meet expected deadlines, the Company's drug candidates may not advance in a timely manner or at all.

In the course of discovery, pre-clinical testing and clinical trials, the Company relies on third parties, including laboratories, investigators, clinical contract research organizations ("CROs"), and manufacturers, to perform critical services. For example, the Company relies on third parties to conduct all of its pre-clinical and clinical studies. These third parties may not be available when the Company needs them or, if they are available, may not comply with all regulatory and contractual requirements or may not otherwise perform their services in a timely or acceptable manner, and the Company may need to enter into new arrangements with alternative third parties and the studies may be extended, delayed or terminated. These independent third parties may also have relationships with other commercial entities, some of which may compete with the Company. As a result of the Company's dependence on third parties, it may face delays or failures outside of its direct control. These risks also apply to the development activities of collaborators, and the Company does not control their research and development, clinical trial or regulatory activities.

The Company has no direct control over the cost of manufacturing its drug candidates. Increases in the cost of manufacturing the Company's drug candidates would increase the costs of conducting clinical trials and could adversely affect future profitability.

The Company does not intend to manufacture the drug product candidates in-house, and it will rely on third parties for drug supplies both for clinical trials and for commercial quantities in the future. The Company has taken the strategic decision not to manufacture active pharmaceutical ingredients ("API") for the drug candidates, as these can be more economically supplied by third parties with particular expertise in this area. The Company outsources the manufacture of its drug products and their testing to FDA requirements. The Company uses contract facilities that are registered with the FDA, have a track record of large-scale API manufacture, and have already invested in capital and equipment. The Company has no direct control over the cost of manufacturing its product candidates. If the cost of manufacturing increases, or if the cost of the materials used increases, these costs may be passed on, making the cost of conducting clinical trials more expensive. Increases in manufacturing costs could adversely affect the Company's future profitability if it was unable to pass all of the increased costs along to its customers.

Risks Related to our Securities

Enforceability of civil liabilities under the federal securities laws against the Company or the Company's officers and directors may be difficult.

The Company is a public company limited by shares and is registered and operates under the Australian Corporations Act 2001. All of the Company's directors and officers reside outside of the United States. In addition, a substantial portion of the directly owned assets of the Company are located outside of the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States against the Company or its directors and officers or to enforce against them any of the judgments, including those obtained in original actions or in actions to enforce judgments of the U.S. courts, predicated upon the civil liability provisions of the federal or state securities laws of the United States. There is doubt as to the enforceability in the Commonwealth of Australia, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon federal or state securities laws of the U.S., especially in the case of enforcement of judgments of U.S. courts where the defendant has not been properly served in Australia.

The trading price of the Company's ordinary shares and American Depositary Shares ("ADSs") is highly volatile. Your investment could decline in value and the Company may incur significant costs from class action litigations.

The trading price of the Company's ordinary shares and ADSs is highly volatile in response to various factors, many of which are beyond the Company's control, including:

- unacceptable toxicity findings in animals and humans;
- lack of efficacy in human trials at Phase II stage or beyond;
- announcements of technological innovations by the Company and its competitors;
- new products introduced or announced by the Company or its competitors;
- changes in financial estimates by securities analysts;
- actual or anticipated variations in operating results;
- expiration or termination of licenses, research contracts or other collaboration agreements;
- conditions or trends in the regulatory climate in the biotechnology, pharmaceutical and genomics industries;
- changes in the market values of similar companies;
- changes in the broader macroeconomic environment;
- the liquidity of any market for the Company's securities; and
- additional sales by the Company of its shares.

In addition, equity markets in general and the market for biotechnology and life sciences companies in particular, have experienced substantial price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies traded in those markets. Further changes in economic conditions in Australia, the U.S., EU, or globally, could impact the Company's ability to grow profitably. Adverse economic changes are outside the Company's control and may result in material adverse effects on the Company's business or results of operations. These broad market and industry factors may materially affect the market price of the Company's ordinary shares and ADSs regardless of its development and operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. Such litigation, if instituted against the Company, could cause it to incur substantial costs and divert management's attention and resources.

If the market price of the Company's ADSs falls and remains below US$5.00 per share, under stock exchange rules, the Company's stockholders will not be able to use such ADSs as collateral for borrowing in margin accounts. This inability to use ADSs as collateral may depress demand as certain institutional investors are restricted from investing in securities priced below US$5.00 and may lead to sales of such ADSs, creating downward pressure on and increased volatility in the market price of the Company's ordinary shares and ADSs.

A decrease in the trading price of our ADSs could cause their delisting from NASDAQ.

Under NASDAQ rules, companies listed on the NASDAQ Capital Market are required to maintain a share price of at least US$1.00 per share to avoid delisting of their shares. If the share price declines below US$1.00 for a period of 30 consecutive business days, then that listed company would have 180 days to regain compliance with the US$1.00 per share minimum. In the event that the Company's share price declines below US$1.00, it may be required to take action in order to comply with the NASDAQ rules that may be in effect at the time.

You are reliant on the depositary to exercise your voting rights and to receive distributions on ADSs and, as a result, you may be unable to exercise your voting rights on a timely basis or you may not receive certain distributions.

In certain circumstances, holders of ADSs may have limited rights relative to holders of ordinary shares. The rights of holders of ADSs with respect to the voting of ordinary shares and the right to receive certain distributions may be limited in certain respects by the deposit agreement entered into by us and The Bank of New York Mellon. For example, although ADS holders are entitled under the deposit agreement, subject to any applicable provisions of Australian law and of our Constitution, to instruct the depositary as to the exercise of the voting rights pertaining to the ordinary shares represented by the ADSs, and the depositary has agreed that it will try, as far as practical, to vote the ordinary shares so represented in accordance with such instructions, ADS holders may not receive notices sent by the depositary in time to ensure that the depositary will vote the ordinary shares. This means that, from a practical point of view, the holders of ADSs may not be able to exercise their right to vote. In addition, under the deposit agreement, the depositary has the right to restrict distributions to holders of the ADSs in the event that it is unlawful or impractical to make such distributions. We have no obligation to take any action to permit distributions to holders of our ADSs. As a result, holders of ADSs may not receive distributions.

There is a risk that we are, or will become, a passive foreign investment company, or PFIC, which will subject our U.S. investors to adverse tax rules.

There is a risk that we are, or will become, a passive foreign investment company, commonly referred to as a PFIC. Our treatment as a PFIC could result in a reduction in the after-tax return to the U.S. holders of our ordinary shares or ADSs and would likely cause a reduction in the value of such ordinary shares or ADSs. For U.S. federal income tax purposes, we will be classified as a PFIC for any taxable year in which either (i) 75% or more of our gross income is passive income, or (ii) at least 50% of the average quarterly value of all of our assets for the taxable year produce or are held for the production of passive income. If we are classified as a PFIC for U.S. federal income tax purposes, highly complex rules will apply to U.S. holders owning ordinary shares or ADSs. Accordingly, you are urged to consult your tax advisors regarding the application of such rules. See Item 10 - Additional Information - Taxation, United States Federal Income Tax Consequences for a more complete discussion of the U.S. federal income tax risks related to owning and disposing of our ordinary shares or ADSs.

Currency fluctuations may adversely affect the price of our ordinary shares, ADSs.

Our ordinary shares are quoted in Australian dollars on the ASX and the ADSs are quoted in U.S. dollars on NASDAQ. Movements in the Australian dollar/U.S. dollar exchange rate may adversely affect the U.S. dollar price of the ADSs. In the past year the Australian dollar has generally weakened against the U.S. dollar. However, this trend may not continue and may be reversed.

Australian takeover laws may discourage takeover offers being made for us or may discourage the acquisition of a significant position in our ordinary shares and ADSs.

We are incorporated in Australia and are subject to the takeover laws of Australia. Among other things, we are subject to the Australian Corporations Act 2001, or the Corporations Act. Subject to a range of exceptions, the Corporations Act prohibits the acquisition of a direct or indirect interest in our issued voting shares if the acquisition of that interest will lead to a person's voting power in us increasing to more than 20%, or increasing from a starting point that is above 20% and below 90%. Australian takeover laws may discourage takeover offers being made for us or may discourage the acquisition of a significant position in our ordinary shares. This may have the ancillary effect of entrenching our board of directors and may deprive or limit our shareholders' and ADS holders' opportunity to sell their ordinary shares and ADSs and may further restrict the ability of our shareholders and ADS holders to obtain a premium from such transactions. See Item 10.B "Additional Information – Memorandum and Articles of Association."

Item 4. Information on the Company

A. History and development of the Company

Kazia Therapeutics Limited ("Kazia"), a public company limited by shares, was incorporated in March 1994 and registered in New South Wales, Australia. Kazia is registered and operates under the Australian Corporations Act 2001.

Kazia has its registered office at Three International Towers, Level 24, 300 Barangaroo Avenue, Sydney, NSW 2000, Australia. Its telephone number and other contact details are: Phone +61-2-9472 4101; email info@kaziatherapeutics.com; and website, www.kaziatherapeutics.com (the information contained in the website does not form part of the Annual Report). Our agent for service of process in the United States is Vcorp Services, LLC, 25 Robert Pitt Drive, Suite 204, Monsey, New York 10952.

The Company's Ordinary Shares are listed on the Australian Securities Exchange ("ASX") under the symbol 'KZA' and its ADSs, each representing ten Ordinary Shares, trade on the NASDAQ Capital Market under the symbol 'KZIA'. The Depositary for the Company's ADSs is The Bank of New York Mellon, 240 Greenwich Street, New York, NY 10286. All information we file with the SEC is available through the SEC's Electronic Data Gathering, Analysis and Retrieval system, which may be accessed through the SEC's website at www.sec.gov.

B. Business overview

The ongoing principal business of the Company has been pharmaceutical drug development. The Company is an emerging oncology-focused biotechnology company that has a portfolio of development candidates, diversified across several distinct technologies, with the potential to yield first-in-class and best-in-class agents in a range of oncology indications. The lead drug candidate is paxalisib (formerly GDC-0084), a small molecule inhibitor of the PI3K / AKT / mTOR pathway, which is involved in eight active trials as follows:

Primary Brain Cancer:

- a phase II / III adaptive registrational study in glioblastoma, sponsored by the Global Coalition for Adaptive Research;
- a phase II clinical trial is being conducted by Weill Cornell Cancer Center to examine the impact of a ketogenic diet on the activity of paxalisib in glioblastoma;
- a phase II study being conducted by the Pacific Pediatric Neuro-Oncology Consortium (PNOC) is examining paxalisib in DIPG and DMGs (childhood brain cancer);
- a phase I clinical trial being conducted by St Jude Children's Hospital, examining paxalisib in diffuse intrinsic pontine glioma (DIPG), a rare but very aggressive form of childhood brain cancer; and
- a phase II trial being conducted by Dana-Farber Cancer Institute is examining paxalisib in primary CNS lymphoma;

Secondary (Metastatic) Brian Cancer:

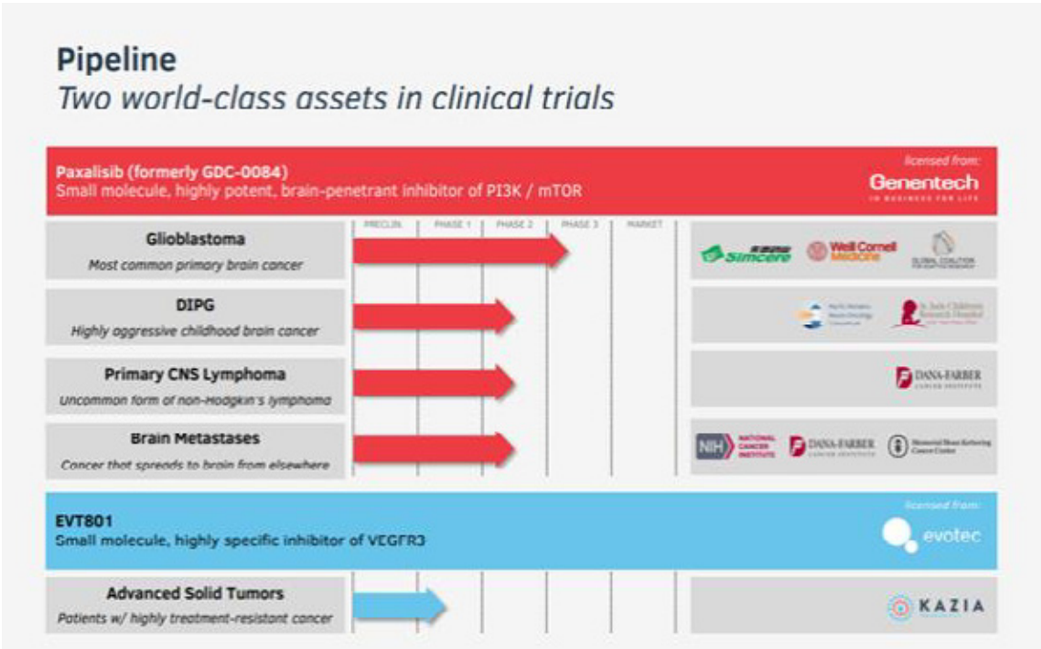
- a phase I clinical trial being conducted by Memorial Sloan Kettering Cancer Center investigating the potential use of paxalisib in combination with radiotherapy for cancer which has spread to the brain;
- a phase II study being conducted at Dana-Farber Cancer Institute, examining HER2+ breast cancer brain metastases – breast cancer which has spread to the brain – in combination with Herceptin (trastuzumab);
- a phase II NCI funded multi-drug study of brain metastases, – cancer which has spread to the brain from any primary tumor, is being conducted by the Alliance for Clinical Trials in Oncology;

Cantrixil (TRX-E-002-1) was previously under development by the Company as a potential therapy for ovarian cancer, and the Company licensed the global rights to Vivesto AB (formerly Oasmia Pharmaceutical AB), a Swedish company during FY21.

EVT801 is the Company's second clinical asset after the global rights were licensed from Evotec SE during FY21.

In November 2021, Kazia commenced recruitment to a phase I, first-in-human, multiple-ascending-dose, clinical trial of EVT801 in patients with advanced solid tumors (NCT05114668). The trial is being performed at two hospitals in France: Oncopole in Toulouse and Centre Léon Beraud in Lyons. In addition to the primary endpoints of safety and tolerability, the study is designed to include a rich array of biomarkers that will allow a deeper understanding of the drug's pharmacology and may inform design of subsequent studies. As at 30 June 2022, the study remains ongoing, with initial data anticipated in 1H CY2023.

The following graphic illustrates the primary Kazia trials currently in progress.



Research and Development

Paxalisib (formerly GDC-0084)

The company's lead development candidate is paxalisib (formerly known as GDC-0084), a small molecule, brain-penetrant inhibitor of the PI3K / Akt / mTOR pathway, that is being developed as a potential therapy for glioblastoma (GBM), the most common and most aggressive form of primary brain tumour in adults, as well as other forms of brain cancer. Paxalisib is orally administered and is presented in a 15mg capsule formulation. The development candidate is the subject of IND 112,608 with the U.S. FDA.

Paxalisib was developed by Genentech, Inc (South San Francisco, California) and the company entered into a worldwide exclusive license for the asset in October 2016. Prior to this transaction, Genentech had completed an extensive preclinical development program that provided convincing validation for paxalisib as a potential drug for brain cancer. Genentech also completed a phase I clinical trial in 47 patients with advanced recurrent grade III and grade IV glioma (NCT01547546). The most common adverse events were oral mucositis and hyperglycemia. Per RANO criteria, 40% of patients exhibited a best observable response of stable disease, and 26% demonstrated a metabolic partial response on FDG-PET.

The development candidate was granted the International Non-Proprietary Name (INN) 'paxalisib' by the World Health Organisation in December 2019. This was confirmed as the United States Adopted Name (USAN) by the USAN Council in April 2020.

Paxalisib is a potent and selective inhibitor of all four isoforms of phosphoinositide-3-kinase (PI3K) and a moderate inhibitor of the mammalian target of rapamycin (mTOR). The PI3K / Akt / mTOR signaling axis has been shown to be dysregulated in approximately 85-90% of cases of glioblastoma, per Cancer Genome Atlas, and is considered a promising target in this disease. More generally, five PI3K inhibitors have thus far been approved by FDA, for a range of hematological malignancies and solid tumors, making this a well-validated target in cancer. Paxalisib is distinguished from these products by the fact that it is the only PI3K inhibitor in mainstream clinical development which is known to cross the blood-brain barrier, a crucial prerequisite for any novel treatment in brain cancer.

Paxalisib's mechanism is therefore entirely distinct from that of temozolomide, the existing FDA-approved standard of care treatment. Temozolomide functions primarily by alkylating guanine residues in DNA, thereby inhibiting cell division in the rapidly-growing tumor. Paxalisib, by contrast, inhibits a biochemical control signal, and is therefore associated with a very different resistance and toxicity profile.

Paxalisib is the subject of granted or pending composition-of-matter patents in all key territories. In general, the expiry of these patents is in December 2031. However, the company expects that it will be able to secure patent term extensions in the most substantial markets, including US, EU, China, Japan, and Korea, and that these extensions will provide effective protection until 2036. In addition, the company has recently received notice of grant for a patent protecting the manufacturing process associated with paxalisib, and this will provide an additional layer of protection in relevant territories until 2036.

Paxalisib was granted orphan drug designation (ODD) by the FDA for glioblastoma in February 2018, and for the broader indication of glioma in August 2020, ODD for atypical rhabdoid / teratoid tumors (AT/RT), a rare and highly-aggressive childhood brain cancer, in June 2022. The development candidate also received Fast Track designation (FTD) for glioblastoma in August 2020, and Rare Pediatric Disease Designation (RPDD) for diffuse midline gliomas in August 2020. Collectively, these special designations provide paxalisib with enhanced access to FDA, a waiver of PDUFA fees, a period of regulatory exclusivity and, in the specific case of RPDD, the potential to secure a pediatric Priority Review Voucher (pPRV) should paxalisib be first approved in this indication.

Phase II Clinical Trial in Newly Diagnosed Glioblastoma with Unmethylated MGMT Status (NCT03522298)

The final data from the company's phase II study of paxalisib in patients with newly diagnosed glioblastoma and unmethylated MGMT status was presented at the American Society for Clinical Oncology (ASCO) annual meeting in June 2022. The poster presentation described an overall survival (OS) in the intent-to-treat (ITT) population of 15.7 months, and a progression-free survival (PFS) of 8.6 months. These figures compare favourably with the historically reported corresponding figures of 12.7 months and 5.3 months which are associated with temozolomide, the existing FDA-approved standard of care, in this patient group. The safety profile of paxalisib continues to appear generally favourable and tolerability was consistent with prior clinical trial experience, with hyperglycaemia, mucositis, and rash among the most common toxicities. In April 2021, the company presented additional interim data focusing on pharmacokinetics at the American Association for Cancer Research Annual Meeting. This data supported 60mg as the go-forward dose, and suggested no significant food effect, allowing for both fed and fasted administration in future studies.

Phase II / III Clinical Trial in Glioblastoma (GBM AGILE) (NCT03970447)

Paxalisib commenced recruitment to GBM AGILE (NCT03970447), a phase II / III adaptive clinical trial in glioblastoma, in January 2021. GBM AGILE is sponsored by the Global Coalition for Adaptive Research, a US-based 501©(3) non-profit organization dedicated to advancing the development of new therapies via the application of cutting-edge statistical methodologies. The study is a platform study, or master protocol study, in which multiple experimental agents are evaluated in parallel, and are compared against a shared control arm. GBM AGILE uses an adaptive Bayesian statistical design to ensure that only the number of patients required to reach a definitive answer are enrolled. Three patient populations are included in the study: newly diagnosed patients with unmethylated MGMT promotor status, newly diagnosed patients with methylated MGMT promotor status, and recurrent patients. Paxalisib is participating in the first and third of these groups but will not examine patients with methylated MGMT promotor status in this study.

As at 30 June 2022, five experimental agents are participating in GBM AGILE: Bayer's regorafenib, Kazia's paxalisib, VAL-083, manufactured by Kintara Therapeutics, Biohaven's troriluzole, and Vigeo Therapeutics' VT1021. The study has screened over 1,000 patients, and approximately fifty sites are engaged. The study opened to the paxalisib arm in Canada in November 2021, in Switzerland in May 2022, and in France in June 2022. The study received IND approval to open in China in December 2021, and work is ongoing as at 30 June 2022 to open sites in this country.

GBM AGILE is intended to serve as the registration study for paxalisib in glioblastoma. The study has been designed with registrational intent, and FDA has indicated that it considers the study suitable for this purpose.

Post year, on 1 August 2022, the company was advised by GCAR that the first stage of the paxalisib arm had completed recruitment. The treatment arm did not meet pre-defined criteria for continuing to a second stage, and patients enrolled in the first stage of the paxalisib arm will therefore continue on treatment as per protocol, and in follow-up, until completion of the final analysis, which the company anticipates receiving in 2H CY2023, as previously disclosed. Given that completion of recruitment has now occurred, the study will not open to the paxalisib arm in Germany or China. The company will work with its licensing partner to determine the way forward in China, given that country's general requirement for local data to register a new pharmaceutical product. All company personnel continue to be blinded to efficacy and safety data from the ongoing study, as required by regulatory authorities, and so the company remains unable to provide analysis or interpretation of the study until follow-up is complete and final data is available.

Phase II Study in Glioblastoma in Combination with Ketogenesis

In June 2021, the company entered into an agreement with the Joan & Sanford I Weill Medical College of Cornell University in New York, NY, known generally as Weill Cornell Medicine, for an investigator-initiated phase II clinical trial combining paxalisib with ketogenesis in patients with newly-diagnosed and recurrent glioblastoma. In addition to the general interest in ketogenic diets as a potential adjunct to treatment for various forms of cancer, research by Professor Lew Cantley and colleagues has demonstrated the potential for insulin to antagonise PI3K inhibition. Administering a PI3K inhibitor in the context of minimal insulin secretion should allow the drug to achieve its full potential, and a combination of ketogenic diet and metformin will be used in this study to achieve a hypoinsulinaemic state. Professor Cantley serves as a scientific advisor to the study, and Dr Howard Fine, a highly experienced neuro-oncologist, will serve as Principal Investigator.

Phase I Study in Diffuse Intrinsic Pontine Glioma (DIPG) (NCT03696355)

In February 2020, the company's collaborators at St Jude Children's Research Hospital in Memphis, TN completed recruitment to a phase I investigator-initiated clinical study of paxalisib in diffuse intrinsic pontine glioma (DIPG), a rare but highly-aggressive childhood brain cancer with no approved pharmacological treatments. The St Jude study (NCT03696355) seeks to establish an MTD in the pediatric population before enrolling an expansion cohort to seek definitive signals of efficacy. The St Jude study is primarily funded by the hospital, with support via a financial grant from Kazia. In September 2019, the company announced that a pediatric MTD of 27 mg/m2 had been determined, which is approximately comparable to the doses used in adult clinical studies. The investigators reported interim data in an oral presentation at the SNO Annual Meeting in November 2020. The study met its primary objective and determined a maximum tolerated dose for paediatric use of 27 mg/m^2. 27 patients were recruited, of whom 24 received at least one dose of paxalisib. The safety profile and pharmacokinetics were highly consistent with the adult data. The study had not at that stage demonstrated a survival benefit. As at 30 June 2022, the study remains in survival follow-up.

Phase II Study in Diffuse Intrinsic Pontine Glioma (DIPG) (NCT05009992)

In December 2020, the company entered into a letter of intent with the Pacific Pediatric Neuro-Oncology Consortium (PNOC) to execute an investigator-initiated phase II adaptive study of paxalisib in patients with DIPG and other DMGs (), a group which collectively constitutes one of the most aggressive childhood cancers. The study will explore paxalisib in combination with ONC-201, a small-molecule investigational new drug which targets dopamine receptor D2 (DRD2), and which is manufactured by Oncoceutics, Inc, a wholly-owned subsidiary of Chimerix, Inc. The St Jude phase I study in DIPG has already provided invaluable information regarding dosing and safety of paxalisib in a paediatric population, but it has always been assumed that combination therapy would be required to achieve meaningful efficacy in such an aggressive tumour. The PNOC DIPG study is supported by preclinical data from an international consortium of scientists led by Associate Professor Matt Dun at the Hunter Medical Research Institute at the University of Newcastle, Australia. Dr Dun's work has identified PI3K pathway activation as a primary resistance mechanism to ONC201 and has demonstrated synergistic activity when the two drugs are combined in preclinical models of DIPG. This work was the subject of a poster presentation at the annual International Symposium on Pediatric Neuro-Oncology (ISPNO) conference in Hamburg, Germany, in June 2022. Dr Dun also reported case studies of two patients who had received the combination through compassionate access and who had demonstrated marked clinical improvement while on therapy.

Phase II Study in Primary CNS Lymphoma (PCNSL) (NCT04906096)

In September 2020, the company signed an agreement with Dana-Farber Cancer Institute in Boston, MA, for an investigator-initiated phase II clinical study of paxalisib in patients with primary CNS lymphoma (PCNSL) (NCT04906096). This study commenced recruitment in June 2021. Four of the five FDA-approved PI3K inhibitors are indicated for various forms of lymphoma, so this is considered a high-potential indication for paxalisib. The unique brain-penetrant qualities of paxalisib make it ideally suitable for investigation in this patient group. The study is expected to recruit around 25 patients, and to run for approximately two years. The Principal Investigator is Professor Lakshmi Nayak, a highly experienced clinical researcher in brain cancer, with a specialist interest in PCNSL. The study commenced recruitment in June 2021 and remains ongoing.

Phase I Study in Brain Metastases in Combination with Radiotherapy (NCT04192981)

Dr T Jonathan Yang is the Principal Investigator to a phase I study in patients with brain metastases and leptomeningeal metastases, in which paxalisib is administered in combination with radiotherapy (NCT04192981), sponsored by Memorial Sloan-Kettering Cancer Center in New York, NY.

Whole brain radiotherapy (WBRT) is a ubiquitous therapeutic modality in this patient population, with an estimated 200,000 patients receiving treatment each year in the United States alone. The first stage of the study comprises approximately 12 patients and is designed to determine the maximum tolerated dose of paxalisib when combined with WBRT. On the basis of promising results, the study has the potential to open a second stage which will recruit a further 12 patients.

Post period, on 5 August 2022, the company announced an upcoming oral presentation of promising new data from this ongoing phase 1 clinical trial of paxalisib in combination with radiotherapy for the treatment of brain metastases, sponsored by Memorial Sloan Kettering Cancer Center in New York, NY . Interim data from the first stage of the study reports that all 9 evaluable patients experienced complete or partial response, representing an overall response rate (ORR) of 100%, according to RANO-BM criteria. The patients comprised a range of primary tumors, with breast cancer the most common, representing one third of patients. The trial is designed in two stages: an initial exploratory stage and a confirmatory expansion stage. Recruitment to the expansion stage has already commenced, with the objective of recruiting an additional 12 patients.

Phase II Study in HER2+ Breast Cancer Brain Metastases in Combination with Trastuzumab (NCT03765983)

Dr Jose Pablo Leone is the Principal Investigator to a phase II study in patients with HER2-positive breast cancer brain metastases, a population for which there are no approved pharmacological treatments, in which paxalisib is administered in combination with Herceptin (trastuzumab) (NCT03765983), sponsored by Dana-Farber Cancer Institute in Boston, MA The Dana-Farber study is primarily funded by the hospital, with support via a financial grant from Kazia. Initial interim efficacy data is expected in 2H CY2022.

Phase II Genomically-Guided Study in Brain Metastases (NCT03994796)

The Alliance for Clinical Trials in Oncology is sponsoring a phase II multi-drug study of multiple agents in the treatment of brain metastases from any primary tumour (NCT03994796) and substantially funded by the US National Cancer Institute. The study assigns patients to either paxalisib (PI3K mutations), abemaciclib (CDK4/6 mutations) (Eli Lilly & Co), or entrectinib (ROS/Trk mutations) (Genentech, Inc) on the basis of their tumor's genetic characteristics. Each drug is investigated in parallel in three patient cohorts: breast cancer, lung cancer, and other tumors. In June 2022, Kazia was informed that paxalisib had graduated to an expansion stage of the study in breast cancer, with work ongoing in the other two cohorts.

EVT801

The Company's second development candidate is EVT801, a small-molecule selective inhibitor of vascular endothelial growth factor receptor 3 (VEGFR3). EVT801 was originally discovered by Sanofi SA and was licensed to Evotec SE as part of a broader transaction. Evotec conducted an extensive program of preclinical development, which showed compelling evidence of activity in broad range of animal models. The drug was licensed to Kazia in April 2021.

EVT801 Worldwide Exclusive License and Intellectual Property

The Company entered into an exclusive worldwide license agreement with Evotec SE in April 2021, under which Kazia has the right to develop and commercialize the asset in all indications. Evotec stands to receive up to €301 million in contingent milestone payments, and a royalty on net sales. Evotec has no right to direct the development of EVT801, no right of approval for Kazia to sub-license, and no right of first refusal. However, in the event of sub-licensing, Kazia may under certain circumstances share a portion of receipts from a sub-licensee with Evotec.

EVT801 is protected by granted or pending composition-of-matter patents in all key territories, with exclusivity generally through to the early 2030s.

For several decades, it has been clear that growing tumors require an extensive network of newly formed blood vessels and lymphatic vessels to satisfy their substantial nutrient requirements. Drugs which inhibit the formation of new blood vessels (angiogenesis inhibitors) have proven effective in a wide range of solid tumors, with Avastin (bevacizumab) being the best-known example of the class. However, the use of such drugs is limited by hypoxia-induced resistance mechanisms and, in the case of many small-molecule inhibitors, by toxicity. EVT801 has been designed to respond to these challenges by selectively targeting lymphangiogenesis, the formation of new lymphatic vessels. Doing so, and with a high degree of selectivity, is expected to provide many of the same benefits as inhibition of angiogenesis, but without the attendant problems of resistance and toxicity.

In addition, drugs which target VEGF receptors have shown the potential to alter the population of immune cells within the tumour micro-environment, thereby potentially making 'cold' tumors more susceptible to immuno-oncology agents such as checkpoint inhibitors. A wealth of preclinical evidence supports this hypothesis with EVT801 and provides a second and almost entirely distinct mechanism of action through which the drug may provide benefit to cancer patients.

Phase I Study in Advanced Solid Tumors

In November 2021, Kazia commenced recruitment to a phase I, first-in-human, multiple-ascending-dose, clinical trial of EVT801 in patients with advanced solid tumors (NCT05114668) which seeks to explore both of these mechanisms (inhibition of lymphangiogenesis and modulation of tumor immune micro-environment), The trial is being performed at two hospitals in France: Oncopole in Toulouse and Centre Léon Beraud in Lyons and will aim to recruit up to 96 patients with advanced cancer. In addition to the primary endpoints of safety and tolerability, the study is designed to include a rich array of biomarkers that will allow a deeper understanding of the drug's pharmacology and may inform design of subsequent studies. As at 30 June 2022, the study remains ongoing, with initial data anticipated in 1H CY2023.

We have a reasonable expectation that during fiscal 2023:

- Interim results will be reported from the phase II clinical trial of paxalisib in combination with trastuzumab in breast cancer metastases;
- Interim results will be reported from the phase II genomically-guided study of paxalisib in brain metastases;
- Interim results will be reported from the phase I study of paxalisib in combination with radiotherapy in brain metastases; and
- Final data will be reported from the phase I study of paxalisib in children with diffuse intrinsic pontine glioma (DIPG).

and

- Initial data from the phase I study of EVT801 in patients with advanced solid tumors will be reported.

In parallel, the Company continues to actively explore licensing and partnering opportunities with other companies that have the potential to effect further refinements in the scope of the Company's business.

Patent Protection

The Company has an aggressive global Intellectual Property ("IP") strategy to protect its key assets and we have partnered with Australia's largest law firm to lodge patents that offer the best possible protection for our assets. The patent strategy is adapted for each technology platform and the principle mode of protection is through the patenting procedure, seeking to obtain exclusive licenses for all its key inventions and drug pipeline. The overarching strategy in the IP portfolio is to cover the three critical corner stones of pharmaceutical patent: composition of matter (the breadth structures covered in the patent), method of manufacture (the chemical processes used to manufacture the compounds disclosed in the patent) and method of use. Patents are submitted initially as provisional applications and after 12 months' progress through to a Patent Cooperation Treaty ("PCT") application.

We are continuing to expand our preclinical work on paxalisib and EVT801 through collaborations with research institutions. Where the research programs result in the generation of further patentable subject matter, the Company will pursue an aggressive patent filing strategy based on multiple jurisdictions with a focus on those member countries offering the most significant market opportunities for future development.

Regulatory requirements

Australian Regulatory Requirements

The *Therapeutic Goods Act 1989* ("1989 Act"), sets out the legal requirements for the import, export, manufacture and supply of pharmaceutical products in Australia. The 1989 Act requires that all pharmaceutical products to be imported into, supplied in, manufactured in or exported from Australia be included in the Australian Register of Therapeutic Goods ("ARTG"), unless specifically exempted under the Act.

Medicines with a higher level of risk (prescription medicines, some non-prescription medicines) are evaluated for quality, safety and efficacy and are registered on the ARTG. Medicines with a lower risk (many over the counter medicines including vitamins) are assessed only for quality and safety. Medicines included in the ARTG can be identified by the AUST R number (for registered medicines) or an AUST L number (for listed medicines) which appears on the packaging of the medicine.

In order to ensure that a product can be included in the ARTG, a sponsoring company must make an application to the Therapeutic Goods Administration ("TGA"). The application usually consists of a form accompanied by data (based on the EU requirements) to support the quality, safety and efficacy of the product for its intended use and payment of a fee. Application details are available on the TGA website www.tga.gov.au.

The first phase of evaluation, known as the Application Entry Process, is usually a short period during which an application is assessed at an administrative level to ensure that it complies with the basic guidelines. The TGA may request further details from the applicant and may agree with sponsors that additional data (which while not actually required by the application, could enhance the assessment outcome) may be submitted later at an agreed time. The TGA must decide within at least 40 working days whether it will accept the application for evaluation.

Once an application is accepted for evaluation, aspects of the data provided are allocated to evaluators within the different relevant sections, who prepare clinical evaluation reports. Following evaluation, the chemistry, quality control bioavailability and pharmacokinetics aspects of a product may be referred to a Pharmaceutical Sub-Committee ("PSC"), which is a sub-committee of the TGA prescription medicine expert advisory committee, the Advisory Committee on Prescriptive Medicines ("ACPM") to review the relevant clinical evaluation reports.

The clinical evaluation reports (along with any resolutions of the ACPM sub-committee) are sent to the sponsoring company who then has the opportunity to comment on the views expressed within the evaluation report, provide corrections and to submit supplementary data to address any issues raised in the evaluation reports.

Once the evaluations are complete, the TGA prepares a summary document on the key issues on which advice will be sought from either the ACPM (for new medicines) or from the Peer Review Committee ("PRC") for extensions to products which are already registered. This summary is sent to the sponsoring company, which is able to submit a response to the ACPM or PRC dealing with issues raised in the summary and those not previously addressed in the evaluation report. The ACPM/PRC provide independent advice on the quality, risk/benefit, effectiveness and access of the product and conduct medical and scientific evaluations of the application. The ACPM meets every two months to examine the applications referred by the TGA and its resolutions are provided to the sponsoring company within five working days after the ACPM meeting.

The TGA takes into account the advice of the ACPM or PRC in reaching a decision to approve or reject a product. Any approval for registration on the ARTG may have conditions associated with it.

From the time that the TGA accepts the initial application for evaluation, the TGA must complete the evaluation and make a decision on the registration of the product within at least 255 working days. If not completed within 255 working days, the TGA forfeits 25% of the evaluation fee otherwise payable by the sponsor, but any time spent waiting for a response from the sponsor is not included in the 255 working days. The TGA also has a system of priority evaluation for products that meet certain criteria, including where the product is a new chemical entity that it is not otherwise available on the market as an approved product, and is for the treatment of a serious, life-threatening illness for which other therapies are either ineffective or not available.

U.S. Regulatory Requirements

The FDA regulates and imposes substantial requirements upon the research, development, pre-clinical and clinical testing, labelling, manufacture, quality control, storage, approval, advertising, promotion, marketing, distribution, import and export of pharmaceutical products including drugs and biologics, as well as significant reporting and record-keeping obligations. State governments may also impose obligations in these areas.

In the United States, pharmaceutical products are regulated by the FDA under the Federal Food, Drug, and Cosmetic Act ("FDCA"), and other laws in the case of biologics, the Public Health Service Act and other acts that implement regulations. The Company believes that the FDA will regulate its products as drugs. The process required by the FDA before drugs may be marketed in the United States generally involves the following:

- pre-clinical laboratory evaluations, including formulation and stability testing, and animal tests performed under the FDA's Good Laboratory Practices regulations to assess pharmacological activity and toxicity potential;
- submission and approval of an IND Application, including results of pre-clinical studies, clinical experience, manufacturing information, and protocols for clinical tests, which must become effective before clinical trials may begin in the United States;
- obtaining approval of Institutional Review Boards ("IRBs"), to administer the products to human subjects in clinical trials;
- adequate and well-controlled human clinical trials to establish the safety and efficacy of the product for the product's intended use;
- development of manufacturing processes which conform to FDA current Good Manufacturing Practices ("cGMPs"), as confirmed by FDA inspection;
- submission of results for pre-clinical and clinical studies, and chemistry, manufacture and control information on the product to the FDA in a New Drug Approval ("NDA") Application; and
- FDA review and approval of an NDA, prior to any commercial sale, promotion or shipment of a product.

The testing and approval process requires substantial time, effort, and financial resources, and the Company cannot be certain that any approval will be granted on a timely basis, if at all.

The results of the pre-clinical studies, clinical experience together with initial specified manufacturing information, the proposed clinical trial protocol, and information about the participating investigators are submitted to the FDA as part of an IND, which must become effective before the Company may begin human clinical trials in the U.S. Additionally, an independent IRB must review and approve each study protocol and oversee conduct of the trial. An IND becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day period, raises concerns or questions about the conduct of the trials as outlined in the IND and imposes a clinical hold. If the FDA imposes a clinical hold, the IND sponsor must resolve the FDA's concerns before clinical trials can begin. Pre-clinical tests and studies can take several years to complete, and there is no guarantee that an IND submitted, based on such tests and studies, will become effective within any specific time period, if at all.

Human clinical trials are typically conducted in three sequential phases that may overlap, which are:

- *Phase I:* The drug is initially introduced into healthy human subjects or patients and tested for safety and dosage tolerance. For oncology medicines, patients with the target disease are used rather than healthy patients. Absorption, metabolism, distribution, and excretion testing, among other tests, are generally performed at this stage. These studies may also provide early evidence of effectiveness. The maximum tolerated dose of the drug may be calculated from phase I studies;
- *Phase II:* The drug is studied in controlled, exploratory therapeutic trials in a limited number of subjects with the disease or medical condition for which the new drug is intended to be used in order to identify possible adverse effects and safety risks, to determine the preliminary or potential efficacy of the product for specific targeted diseases or medical conditions, and to determine dosage tolerance and the optimal effective dose; and
- *Phase III:* While phase II studies demonstrate that a specific dosage range of the drug is likely to be effective and the drug has an acceptable safety profile, controlled, large-scale therapeutic, phase III trials are undertaken at multiple study sites to demonstrate clinical efficacy and to further test for safety in an expanded patient population. These studies are used to evaluate the overall benefit – risk relationship of the drug and provide a basis for physician labelling.

The Company cannot be certain that it will successfully complete phase I, phase II or phase III testing of its products within any specific time period, if at all. Furthermore, the FDA, the IRB or the Company may suspend or terminate clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

Results of pre-clinical studies and clinical trials, as well as detailed information about the manufacturing process, quality control methods, and product composition, among other things, are submitted to the FDA as part of an NDA seeking approval to market and commercially distribute the product on the basis of a determination that the product is safe and effective for its intended use. Before approving an NDA, the FDA will inspect the facilities at which the product is manufactured and will not approve the product unless GMP compliance is satisfactory. If applicable regulatory criteria are not satisfied, the FDA may deny the NDA or require additional testing or information. As a condition of approval, the FDA also may require post-marketing testing or surveillance to monitor the product's safety or efficacy. Even after an NDA is approved, the FDA may impose additional obligations or restrictions (such as labelling changes), or even suspend or withdraw a product approval on the basis of data that arise after the product reaches the market, or if compliance with regulatory standards is not maintained. The Company cannot be certain that the FDA on a timely basis, if at all will approve any NDA it submits. Also, any such approval may limit the indicated uses for which the product may be marketed. Any refusal to approve, delay in approval, suspension or withdrawal of approval, or restrictions on indicated uses could have a material adverse impact on the Company's business prospects.

A user fee, pursuant to the requirements of the Prescription Drug User Fee Act ("PDUFA"), and its amendments, applies to NDAs, unless exempted. The FDA adjusts the PDUFA user fees on an annual basis. PDUFA also imposes an annual product fee for prescription drugs and biologics, and an annual establishment fee on facilities used to manufacture prescription drugs and biologics. A written request can be submitted for a waiver under certain circumstances. Waivers may be possible for the application fee for the first human drug application that is filed by a small business, as defined by the FDCA, but there are no small business waivers for product or establishment fees. Waivers may also be possible for one or more fees, upon written request, when a waiver or reduction is necessary to protect the public health, the user fees would present a significant barrier to innovation, or the fees are anticipated to exceed the present or future costs incurred by FDA. Applications for products designated as oncology drugs are not subject to the application fee unless the application includes an indication for other than a rare disease or condition. The Company is not at the stage of development with its products where it is subject to these fees, but they are significant expenditures that may be incurred in the future and must be paid at the time of application submissions to FDA, as applicable.

Satisfaction of FDA requirements typically takes several years. The actual time required varies substantially, based upon the type, complexity, and novelty of the pharmaceutical product, among other things. Government regulation imposes costly and time-consuming requirements and restrictions throughout the product life cycle and may delay product marketing for a considerable period of time, limit product marketing, or prevent marketing altogether. Success in pre-clinical or early stage clinical trials does not ensure success in later stage clinical trials. Data obtained from pre-clinical and clinical activities are not always conclusive and may be susceptible to varying interpretations that could delay, limit, or prevent marketing approval. Even if a product receives marketing approval, the approval is limited to specific clinical indications. Further, even after marketing approval is obtained, the discovery of previously unknown problems with a product may result in restrictions on the product or even complete withdrawal of the product from the market.

After product approval, there are continuing significant regulatory requirements imposed by the FDA, including record-keeping requirements, obligations to report adverse events in patients using the products, and restrictions on advertising and promotional activities. Quality control and manufacturing procedures must continue to conform to GMPs, and the FDA periodically inspects facilities to assess GMP compliance. Additionally, post-approval changes in ingredient composition, manufacturing processes or facilities, product labelling, or other areas may require submission of an NDA Supplement to the FDA for review and approval. New indications will require additional clinical studies and submission of an NDA Supplement. Failure to comply with FDA regulatory requirements may result in an enforcement action by the FDA, including warning letters, product recalls, suspension or revocation of product approval, seizure of product to prevent distribution, impositions of injunctions prohibiting product manufacture or distribution, and civil and criminal penalties. Maintaining compliance is costly and time-consuming. The Company cannot be certain that it, or its present or future suppliers or third-party manufacturers, will be able to comply with all FDA regulatory requirements, and potential consequences of noncompliance could have a material adverse impact on its business prospects.

The FDA's policies may change, and additional governmental regulations may be enacted that could delay, limit, or prevent regulatory approval of the Company's products or affect its ability to manufacture, market, or distribute its products after approval. Moreover, increased attention to the containment of healthcare costs in the U.S. and in foreign markets could result in new government regulations that could have a material adverse effect on the business. The Company's failure to obtain coverage, an adequate level of reimbursement, or acceptable prices for future products could diminish any revenues the Company may be able to generate. The Company's ability to commercialize future products will depend in part on the extent to which coverage and reimbursement for the products will be available from government and health administration authorities, private health insurers, and other third-party payers. EU member states and U.S. government and other third-party payers increasingly are attempting to contain healthcare costs by consideration of new laws and regulations limiting both coverage and the level of reimbursement for new drugs. The Company cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative or administrative action, either in the U.S. or abroad.

The Company's activities may also be subject to state laws and regulations that affect its ability to develop and sell products. The Company is also subject to numerous federal, state, and local laws relating to such matters as safe working conditions, clinical, laboratory, and manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. The Company may incur significant costs to comply with such laws and regulations now or in the future, and the failure to comply may have a material adverse impact on the Company.

FDA provides programs intended to facilitate and expedite development and review of new products that are intended to address an unmet medical need in the treatment of a serious or life-threatening disease or condition. These programs are referred to as fast track designation, breakthrough therapy designation and priority review designation. These designations are not mutually exclusive, and a product candidate may qualify for one or more of these programs. While these programs are intended to expedite product development and approval, they do not alter the standards for FDA approval. The FDA may designate a product for fast track designation if it is intended, whether alone or in combination with one or more other products, for the treatment of a serious or life-threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For products with fast track designation, sponsors may have more frequent interactions with the FDA, the product is potentially eligible for accelerated approval and priority review, if relevant criteria are met. A product may be designated as a breakthrough therapy if it is intended, either alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The FDA may take certain actions with respect to breakthrough therapies, including holding meetings with the sponsor throughout the development process; providing timely advice to the product sponsor regarding development and approval; involving more senior staff managers in the review process; assigning a cross-disciplinary lead for the review team; and taking other steps to design the clinical trials in an efficient manner. The FDA may designate a product for priority review if it is a product that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness when compared with other available therapies. Additionally, drug approval under the accelerated approval pathway may be based on evidence of clinical effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. A post-marketing clinical study will be required to verify clinical benefit, and other restrictions to assure safe use may be imposed.

Under the Drug Price Competition and Patent Term Restoration Act of 1984, a sponsor may obtain marketing exclusivity for a period of time following FDA approval of certain drug applications, regardless of patent status, if the drug is a new chemical entity or if new clinical studies were required to support the marketing application for the drug. This marketing exclusivity prevents a third party from obtaining FDA approval for an identical or nearly identical drug under an Abbreviated New Drug Application or a "505(b)(2) New Drug Application". The statute also allows a patent owner to obtain an extension of applicable patent terms for a period equal to one-half the period of time elapsed between the filing of an IND and the filing of the corresponding NDA plus the period of time between the filing of the NDA and FDA approval, with reductions taken for any time an applicant did not act with due diligence. There is a five-year maximum patent extension and a maximum of 14 years protection from product approval. The Company cannot be certain that it will be able to take advantage of either the patent term extension or marketing exclusivity provisions of these laws.

European Union Regulatory Requirements

Outside the United States, the Company's ability to market its products will also be contingent upon receiving marketing authorizations from the appropriate regulatory authorities and compliance with applicable post-approval regulatory requirements. Although the specific requirements and restrictions vary from country to country, as a general matter, foreign regulatory systems include risks similar to those associated with FDA regulation, described above. Under EU regulatory systems, marketing authorizations may be submitted either under a centralized or a national procedure. Under the centralized procedure, a single application to the European Medicines Agency ("EMA") leads to an approval granted by the European Commission that permits the marketing of the product throughout the EU. The centralized procedure is mandatory for certain classes of medicinal products, but optional for others. For example, all medicinal products developed by certain biotechnological means, and those developed for cancer and other specified diseases and disorders, must be authorized via the centralized procedure. The Company assumes that the centralized procedure will apply to its products that are developed by means of a biotechnology process. The national procedure is used for products not requiring authorization by the centralized procedure. Under the national procedure, an application for a marketing authorization is submitted to the competent authority of one-member state of the EU. The holders of a national marketing authorization may submit further applications to the competent authorities of the remaining member states via either the decentralized or mutual recognition procedure. The decentralized procedure enables applicants to submit an identical application to the competent authorities of all member states where approval is sought at the same time as the first application, while under the mutual recognition procedure, products are authorized initially in one-member state, and other member states where approval is sought are then requested to recognize the original authorization based upon an assessment report prepared by the original authorizing competent authority. Both the decentralized and mutual recognition procedures should take no longer than 90 days, but if one-member state makes an objection, which under the legislation can only be based on a possible risk to human health, the application will be automatically referred to the Committee for Medicinal Products for Human Use ("CHMP") of the EMA. If a referral for arbitration is made, the procedure is suspended. However, member states that have already approved the application may, at the request of the applicant, authorize the product in question without waiting for the result of the arbitration. Such authorizations will be without prejudice to the outcome of the arbitration. For all other concerned member states, the opinion of the CHMP, which is binding, could support or reject the objection or alternatively could reach a compromise position acceptable to all EU countries concerned. The arbitration procedure may take an additional year before a final decision is reached and may require the delivery of additional data.

As with FDA approval, the Company may not be able to secure regulatory approvals in the EU in a timely manner, if at all. Additionally, as in the U.S., post-approval regulatory requirements, such as those regarding product manufacture, marketing, or distribution, would apply to any product that is approved in the EU, and failure to comply with such obligations could have a material adverse effect on the Company's ability to successfully commercialize any product.

The conduct of clinical trials in the EU is governed by the European Clinical Trials Directive (2001/20/EC), which was implemented in May 2004. This Directive governs how regulatory bodies in member states control clinical trials. No clinical trial may be started without a clinical trial authorization granted by the national competent authority and favorable ethics approval.

Accordingly, there is a marked degree of change and uncertainty both in the regulation of clinical trials and in respect of marketing authorizations that face the Company or its products in the EU.

Product and Corporate Developments during Fiscal Year 2022

The Company continued to pursue its strategy of focusing resources on clinical programs, being specifically those most likely to provide a return to shareholders.

Paxalisib is involved in eight clinical trials, all being conducted by world renowned research organizations and principally funded by parties other than the Company, giving us multiple opportunities to realise value from this product candidate. EVT801's phase I clinical trial continues and we believe that we are on track to have initial phase I data in the first half of CY2023.

At-The-Market (ATM) Facility

In May 2022, the Company established an "at-the-market" equity program (ATM program) pursuant to an Equity Distribution Agreement, dated as of 22 April 2022, between Oppenheimer & Co., as sales agent (Oppenheimer) and the Company. Under the ATM program, the Company may offer and sell via Oppenheimer up to US$35 million of its ordinary shares, in the form of American Depositary Shares (ADSs), with each ADS representing ten ordinary shares. For the period ending 30 June 2022, total gross proceeds from the use of the ATM financing facility was US$2.95 million (approximately A$4.2 million). During the months of July 2022 and August 2022 through 11 August 2022, the Company raised total proceeds for such period of US$2.53 million (approximately A$3.67million) under the ATM program. The weighted average share price from ATM financings is AU$0.50 cents per ordinary share, increasing the Company's total ordinary shares outstanding through the period of 11 August 2022 to 149,636,656 has and materially expanded the Company's runway with minimal dilution to existing shareholders. In general, sales pursuant to the ATM program account for 5% or less of the day's trading volume, implying minimal price impact as a result of its use. Of note, ordinary shares, represented by ADSs, issued under the ATM program are issued at the spot market price, with no discount, no accompanying warrants or options, and with banking fees approximately half of those associated with more traditional financing methods.

C. Organizational structure

Kazia Therapeutics Limited is incorporated in Australia and has the following wholly-owned subsidiaries:

Name	Country of incorporation
Kazia Laboratories Pty Ltd	Australia
Kazia Research Pty Ltd	Australia
Kazia Therapeutics Inc.	United States (Delaware)
Glioblast Pty Ltd	Australia
Kazia Therapeutics (Hong Kong) Limited	Hong Kong

D. Property, plant and equipment

During fiscal year 2022, the Company continued to work out of a serviced office in Sydney that is subject to a renewable one-year workspace license agreement. In April 2022 an office membership agreement was signed with Deerfield Management for one year in the Cure, Deerfield's innovation campus at 345 Park Avenue South, New York, NY.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

Critical accounting policies

We prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). As such, we are required to make certain estimates, judgments, and assumptions that management believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The critical accounting policies are summarized in Item 18. "Financial Statements—Note 3 – Critical Accounting Policies".

The following discussion and analysis should be read in conjunction with Item 18. "Financial Statements" included below. Operating results are not necessarily indicative of results that may occur in future periods. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in the forward-looking statements as a result of many factors including, but not limited to, those set forth under "Forward-Looking Statements" and "Risk Factors" in Item 3 "Key Information" included above in this Annual Report on Form 20-F. All forward-looking statements included in this document are based on the information available to the Company on the date of this document and the Company assumes no obligation to update any forward-looking statements contained in this Annual Report on Form 20-F.

A. Operating results

The following discussion relates to our consolidated results of operations, financial condition and capital resources. You should read this discussion in conjunction with our consolidated financial statements and the notes thereto contained elsewhere in this report.

The following tables provide a summary of revenues and income for the past three fiscal years:

	For the fiscal year ended 30 June,		
	2022	2021	2020
	A$'000	A$'000	A$'000
Revenue	—	15,183	—
Finance income	—	42	66
Other income:			
Net foreign exchange gain	—	—	5
Payroll tax rebate	—	2	2
Bad debt recovery	15	—	—
Research and development rebate	—	—	968
Subsidies and grants	10	—	20
Total revenue and other income	25	15,227	1,061

Fiscal year 2022 compared to fiscal year 2021

Revenue, finance income and other income

In fiscal years 2022 and 2021, the Company did not generate any revenue from contracts with customers. The revenue recognized during fiscal year 2021, A$15.2 million, was the result of up-front license fees received from partnering transactions pertaining to the out-license agreements entered into for two of the Company's assets, Cantrixil and paxalisib.

The Company earns interest income derived from interest bearing bank accounts, which is directly linked with the amounts held on deposit. The amount of finance income earned decreased as a result of decreased cash balances as well as lower interest rates in effect during the year.

The Company did not recognize any research and development rebate in fiscal years 2022 nor 2021. In fiscal year 2022, the amount of qualifying expenditure in Australia was not sufficiently large to warrant making a claim for the R&D rebate, and we do not anticipate applying for the rebate in future fiscal years as this trend is set to continue.

Expenses

Research and development expenses increased from A$14.5 million in fiscal year 2021 to A$20.3 million in fiscal year 2022 (39%). The increase was mainly a result of the expenditures incurred for the Company's lead asset, paxalisib's continuing participation in the registrational GCAR GBM AGILE trial. Funds were also spent on the expenditures incurred for the EVT801 Phase I trial, which opened and initiated enrolment in late 2021. Additional salary and benefit expenses were recognized for the US based scientific and clinical staff hired, including the Chief Medical Officer. Amortisation of the EVT801 asset also contributed to the increase during fiscal 2022

General and administrative costs were reduced from A$7.0 million in fiscal year 2021 to A$4.5 million in fiscal year 2022 (36%), due in part to the A1.46 million expense recognized resulting from a Chinese withholding tax incurred on the Company's receipt of the up-front licencing transaction payment from Simcere Pharmaceutical in fiscal year 2021. Excluding the unrealised FX gain of A$1.8 million, corporate expenses were reduced by A$613K. The reduced costs were somewhat offset by the increased payroll related costs incurred for the US based Chief Financial Officer hired during the period.

Net loss

The Company's loss after income tax was A$24.6 million in fiscal year 2022 compared to A$8.4 million in fiscal year 2021. The change was mainly a result of the increased R&D expenditures incurred for the ongoing clinical trials as well as the initiation and enrolment of the EVT801 Phase 1 trial along with our collaborations in the investigator-initiated trials, as described above, during fiscal year 2022. Additionally, no revenue was recognized from partnership collaborations in fiscal year 2022.

Fiscal year 2021 compared to fiscal year 2020

This analysis can be found in Item 5 of the Company's annual report on Form 20-F for fiscal year 2021.

B. Liquidity and capital resources

We have incurred cumulative losses and negative cash flows from operations since our inception and, as of 30 June 2022, we had accumulated losses of A$68.3 million. We anticipate that we will continue to incur losses for at least the next several years. We expect that our research and development expenditure will continue to increase and, as a result, we will need additional capital to fund our operations, which we may raise through a combination of equity offerings, other third-party funding, and other collaborations, strategic alliances and licensing arrangements.

We had no borrowings in fiscal year 2022 and do not currently have a credit facility.

As at 30 June 2022, we had cash and cash equivalents of A$7.4 million, held in both Australian dollars and U.S. dollars. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation. Currently, our cash and cash equivalents are held in bank accounts, with the majority of funds being held in U.S. dollars.

We expect to consume cash and incur operating losses for the foreseeable future as the Company continues developing its oncology drug candidates. The impact on cash resources and results from operations will vary with the extent and timing of the future clinical trial programs. The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realization of assets and settlement of liabilities in the normal course of business. As is often the case with drug development companies, the Company's ability to continue its development activities as a going concern is dependent upon deriving sufficient cash from investors, from licensing and partnering activities and from other sources of revenue such as grant funding. The directors have considered the cash flow forecasts and the funding requirements of the business and are confident that the strategies in place are appropriate to generate sufficient funding to allow us to continue as a going concern.

Cash flows

The following table set forth the sources and uses of cash for the past three fiscal years:

(in A$ thousands)	2022	2021	2020
Net cash used in operating activities	(22,763)	(9,111)	(8,810)
Net cash from investing activities	(2,365)	—	—
Net cash from financing activities	3,726	28,109	12,139

Operating activities. Net cash used in operating activities for the three fiscal years primarily represents net outflows for the cost of the R&D programs and the general and administrative costs of running the business. This amount is heavily impacted by the cost of the clinical programs, as well as cost containment measures adopted to manage the general and administrative costs of the business.

Investing activities. Net cash from investing activities in fiscal year 2022 represents the payment of a development milestone for EVT801.

Financing activities. Net cash from financing activities in fiscal years 2021 and 2020 arose as a result of private placements of the Company's ordinary shares to institutional investors in certain countries as well as Share Purchase Plans to shareholders in Australia. Net cash from financing activities in fiscal year 2022 was the result of the funds received from our sale of ordinary shares in the form of ADSs, using our ATM facility.

As at 30 June 2022, the Company did not hold any derivative financial instruments for managing its foreign currency; however, the Company may from time to time enter into hedging arrangements where circumstances are deemed appropriate.

The Company believes that its future ability to fund its operations will depend on deriving sufficient cash from investors through successful capital raisings, from licensing and partnering activities and government grants.

The Company had no commitments for capital expenditures or material contractual obligations at the end of fiscal year 2022.

The Company continuously pursues opportunities for non-dilutive funding, such as grant applications.

The Company cannot provide assurance that it or its subsidiaries will be able to raise the funds necessary to complete the planned clinical trial programs or find appropriate collaboration or licensing opportunities.

The Company does not have any off-balance sheet arrangements.

Financing activities

Equity issues

The Company has historically financed its operations primarily from issuing equity capital.

During fiscal year 2021 the Company issued 37,413,840 ordinary shares. The details of those share issues are as follows:

- In October 2020 the Company issued 31,542,895 shares to industry funds and other investors and raised A$25,234,316 before costs.
- In April 2021 the Company issued 3,037,580 shares to a partner pharmaceutical company for the sum of US$4,000,000.
- In May 2021 the Company issued 2,391,865 shares in satisfaction of a milestone payment relating to the acquisition of paxalisib.
- In August 2020 and March 2021, the Company issued a total of 441,500 shares upon the exercise of options, raising a total of A$273,287.

During fiscal year 2022 the Company issued 6,743,167 ordinary shares. The details of those share issues are as follows:

- In December 2021 the Company issued 25,000 shares upon the exercise of options, raising a total of A$16,700.
- In May 2022 the Company issued 1,855,357 shares due to the conversion of the Triaxial convertible note triggered by completion of phase II paxalisib trial announced to ASX on 21 April 2022.
- In May and June 2022, the Company issued 4,862,810 shares under our ATM facility raising A$4,202,222 before transaction costs.

In fiscal year 2022, the Company held the majority of its cash balances in U.S. dollars and there were no conversion losses. During fiscal year 2021, a conversion loss of A$0.4 million was experienced. See Item 18. “Financial Statements – Note 22 – Financial Instruments” for disclosures about financial risk management including interest rate risk, foreign currency risk and liquidity risk.

Convertible note (Triaxial) carrying value of A$464,000

During the fiscal year ended 30 June 2013 the Company issued Convertible Notes with a face value of A$1,500,000 to Triaxial in consideration of the acquisition of patents and intellectual property assets. The terms of these Convertible Notes were amended on 4 December 2014. The amended terms allow the conversion of debt into ordinary shares, provided that the Company achieves certain milestones. Accordingly, the Convertible Note has been reclassified as an equity instrument rather than debt instrument.

During fiscal year 2017, the Company reached two milestones that triggered the conversion of a portion of its Convertible Notes. On 14 September 2016 the directors approved the issue of 20,000,000 ordinary shares as a consequence of a conversion of A$500,000 of the Convertible Notes, and on 1 November 2016 a further 16,000,000 ordinary shares were issued as a result of the conversion of a further portion of the Convertible Notes. During fiscal year 2018, one of the noteholders waived his rights to the remaining tranche of convertible notes, resulting in the reduction of the convertible note carrying value by a further A$136,000. On 21 April 2022 the completion of the phase II study of paxalisib in glioblastoma (NCT03522298) was announced and on 5 May 2022 the remaining portion of the convertible note with a carrying value of A$464,000 was extinguished and converted to 1,855,357 ordinary shares.

C. Research and development, Patents and Licenses, etc.

Expenditures during the research phase of a project are recognized as an expense when incurred. Development costs are capitalized only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Research and development expenses consist primarily of costs incurred for the development of our product candidates, which include:

- expenses incurred under agreements with academic research centers, clinical research organizations and investigative sites that conduct our clinical trials; and
- the cost of acquiring, developing, and manufacturing clinical trial materials.

We cannot determine with certainty the duration and completion costs of the current or future product development, preclinical studies or clinical trials of our product candidates. The duration, costs, and timing of clinical trials and development of our product candidates will depend on a variety of factors, including:

- the scope, rate of progress, and expense of our ongoing as well as any additional clinical trials and other research and development activities;
- the countries in which trials are conducted;
- future clinical trial results;
- uncertainties in clinical trial enrolment rates or drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- significant and changing government regulation; and
- the timing and receipt of any regulatory approvals.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA, or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipate will be required to complete clinical development of a product candidate or if we experience significant delays in enrolment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development.

In fiscal years 2022, 2021 and 2020 we spent, respectively, a total of A$20.3 million, A$14.5 million and A$9.5 million on company-sponsored research and development activities. We plan to increase our research and development expenses for the foreseeable future as we continue the development of product candidates and explore further potential applications of our technology.

D. Trend Information

Further to the risk factors discussed in Item 3D, we note that the financial information disclosed in the SEC Form 20-F may not be indicative of future results in the following areas:

- While we anticipate that funds will continue to be spent on research and development of our drug candidates, the amounts expended in recent years may not be indicative of the amounts to be expended in future years, because we may have more or fewer drug candidates, they may be at different stages of their lifecycle and the trials deemed suitable for their development may be more or less costly;
- We did not generate revenue from licensing transactions in fiscal year 2022 and we may not generate any revenue in future years. Should the Company generate revenues in future years, the amounts generated in fiscal year 2021 may not be representative of any such revenues in future years. This could be as a result of whether any further licensing transactions are entered into, as well as whether any milestones are met in relation to license agreements already in place; and
- The quantum of general and administrative expenditures in recent years may not be indicative of the expenditures required in future years.

E. Critical Accounting Estimates – see Note 2. Significant accounting policies

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The names and details of the Company's Directors and senior management at the date of this report are as follows:

Iain Ross	Chairman, Non-Executive Director
Bryce Carmine	Non-Executive Director
Steven Coffey	Non-Executive Director
James Garner	Managing Director and Chief Executive Officer
John Friend	Chief Medical Officer (commenced 15 November 2021)
Karen Krumeich	Chief Financial Officer (commenced 3 January 2022)
Kate Hill	Company Secretary

Directors were in office for the entire period unless otherwise stated.

Names, titles, experience and expertise

Name:	**Iain Ross**
Title:	Chairman, Non-Executive Director
Experience and expertise:	Iain, based in the UK, is an experienced Director and has served on a number of Australian company boards. He is Chairman of Silence Therapeutics plc (LSE & NASDAQ:SLN), ReNeuron Group plc (LSE:RENE) and BiVitctriX Therapeutics plc (LSE:BVX) as well as unlisted Biomer Technology Limited. In his career he has held senior positions in Sandoz AG, Fisons Plc, Hoffmann-La Roche AG and Celltech Group Plc and also undertaken a number of start-ups and turnarounds on behalf of banks and private equity groups. His track record includes multiple financing transactions having raised in excess of £500 million, both publicly and privately, as well as extensive experience of divestments and strategic restructurings and has over 25 years in cross-border management as a Chairman and CEO. He has led and participated in 8 Initial Public Offerings,(5 LSE, 1 ASX, 2 NASDAQ) and has direct experience of mergers and acquisitions transactions in Europe, USA and the Pacific Rim.
Other current directorships:	Silence Therapeutics plc (LSE:SLN), ReNeuron Group plc (LSE:RENE) and BiVictriX Therapeutics plc (LSE:BVX)
Special responsibilities:	Member of Remuneration and Nomination Committee, Member of the Audit, Risk and Governance Committee.

Name:	**Bryce Carmine**
Title:	Non-Executive Director
Experience and expertise:	Bryce spent 36 years working for Eli Lilly & Co. and retired as Executive Vice President for Eli Lilly & Co, and President, Lilly Bio-Medicines. Prior to this he led the Global Pharmaceutical Sales and Marketing and was a member of the Company's Executive Committee. Bryce previously held a series of product development portfolio leadership roles culminating when he was named President, Global Pharmaceutical Product Development, with responsibility for the entire late-phase pipeline development across all therapeutic areas for Eli Lilly. During his career with Lilly, Bryce held several country leadership positions including President Eli Lilly Japan, Managing Dir. Australia/NZ & General Manager of a JV for Lilly in Seoul, Korea. Bryce is currently Chairman and CEO of HaemaLogiX Pty Ltd, a Sydney based privately owned biotech.
Other current directorships:	None
Special responsibilities:	Chair of Remuneration and Nomination Committee, member of Audit, Risk and Governance Committee.

Name:	**Steven Coffey**
Title:	Non-Executive Director
Experience and expertise:	Steven is a Chartered Accountant and registered company auditor and has over 35 years experience in the accounting and finance industry. He has been a partner with the chartered accounting firm Watkins Coffey Martin which recently merged with Charternet Chartered Accountants and Steven is a consultant to that group. Steven sits on the board of a number of large private family companies and audits a number of large private companies and not-for-profit entities.
Other current directorships:	None
Special responsibilities:	Chair of Audit, Risk and Governance Committee, member of Remuneration and Nomination Committee.

Name:	**Dr. James Garner**
Title:	Managing Director and Chief Executive Officer
Experience and expertise:	Dr Garner is an experienced life sciences executive who has previously worked with companies ranging from small biotechs to multinational pharmaceutical companies such as Biogen and Takeda. His career has focused on regional and global development of new medicines from preclinical to commercialisation. Dr Garner is a physician by training and holds an MBA from the University of Queensland. He began his career in hospital medicine and worked for a number of years as a corporate strategy consultant with Bain & Company before entering the pharmaceutical industry. Prior to joining Kazia in 2016, he led R&D strategy for Sanofi in Asia-Pacific and was based in Singapore.
Other current directorships:	None
Special responsibilities:	None

Name:	**John Friend**
Title:	Chief Medical Officer
Experience and expertise:	Dr Friend is a highly experienced oncology and haematology drug developer, driven by a passion for improving the lives of cancer patients. In a career spanning more than 25 years, Dr Friend has worked across a wide range of therapeutic areas in roles from early clinical research through to medical affairs. He was formerly the Senior Vice President of Medical and Scientific Affairs for the US business unit of Helsinn Therapeutics and most recently the Chief Medical Officer at Cellectar Biosciences, a clinical-stage, oncology-focused biotech company in the US. Dr Friend gained his medical degree at Rutgers University (UMDNJ-Robert Wood Johnson) and he also holds a BA in chemistry from Southern Methodist University.

Name:	**Karen Krumeich**
Title:	Chief Financial Officer
Experience and expertise:	Karen has more than thirty years of experience in corporate finance, focused almost entirely on the life sciences sector. She has been responsible for driving the growth of numerous private and public biotech companies. For most of the last twenty years, she served as Chief Financial Officer to growth-stage biotech companies, both public and private, including Soligenix, Inc, and Theravectys, Inc. In addition to her accounting qualifications, Karen is a qualified pharmacist and a graduate of the University of Toledo School of Pharmacy.

Name:	**Kate Hill**
Title:	Company Secretary
Experience and expertise:	Kate has over 20 years' experience as an audit partner with Deloitte Touche Tohmatsu, working with ASX listed and privately-owned clients. She has worked extensively in regulated environments including assisting with Initial Public Offerings, capital raising and general compliance, as well as operating in an audit environment. She is a Non-Executive Director of CountPlus Limited (ASX:CUP) and Elmo Software Limited (ASX:ELO) as well as Chair of the Audit and Risk Committee for both of these companies. She is also Chair of Seeing Machines Limited (LSE:SEE). Kate is a member of the Institute of Chartered Accountants in Australia and New Zealand, and a graduate of the Australian Institute of Company Directors.

B. Compensation

Principles used to determine the nature and amount of remuneration

Remuneration philosophy

Remuneration for Directors and Senior Executives is based on the overall objective of attracting and retaining people of high quality who will make a worthwhile contribution to Kazia in the short, medium and long term, and thereby contribute to long term shareholder value. The Board and its Remuneration and Nomination Committee take a balanced position between the need to pay market rates to attract talent, and the financial resources of Kazia, in determining remuneration.

Non-Executive Directors remuneration

The Constitution of Kazia and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by General Meeting. The last determination for Kazia was at the Annual General Meeting held in November 2020 when the shareholders approved an aggregate remuneration of A$700,000.

Non-Executive Directors' fees are reviewed periodically by the Board and are regularly compared with those of companies of comparable market capitalization and stage of development. The Chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market.

Fees paid to directors were relatively constant in recent years as a result of funding constraints, and in the prior financial year, after conducting a benchmarking exercise, directors fees were increased to a market rate, and a bonus was paid to Non-Executive Directors to reflect their service over recent years at a discounted remuneration level. Further, at the 2020 AGM the shareholders approved the award of 400,000 options to each Non-Executive Director.

In relation to the cap on aggregate fees of Non-Executive Directors, the value of the options has been excluded from the calculation of aggregate fees because the options were separately approved by the shareholders.

The Non-Executive Directors fee structure is a fixed fee model and includes superannuation.

Executive Directors and other Key Management Personnel ("KMP")

The Board and the Remuneration and Nomination Committee, in consultation with the Managing Director, have put in place a remuneration structure which provides incentive for employees to drive the activities of the company forward. These arrangements are reviewed annually at the end of the calendar year.

The Board determines an appropriate level of fixed remuneration for the CEO and Group Executives, as well as the proportion of performance-based remuneration.

The executive remuneration and reward framework has three components:

- fixed remuneration
- short-term performance incentives - cash bonus
- share-based payments - award of options through the ESOP

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee based on individual performance, the overall performance of Kazia and comparable market remunerations. The Remuneration and Nomination Committee approved increases in fixed remuneration during fiscal year 2022.

The short-term incentives program is designed to align the targets of Kazia with the performance hurdles of executives. Short-term incentive payments are granted to executives based on specific annual performance objectives, metrics and performance appraisals. Annual performance reviews are conducted at the end of each calendar year and bonuses are paid shortly after the performance reviews are completed. Annual performance objectives cover matters such as progress in clinical trials, and management of the Company's financial resources.

The Board or the Remuneration and Nomination Committee may, at its discretion, award bonuses for exceptional performance.

The Remuneration and Nomination Committee approved the payment of cash bonuses to the CEO and employees in respect of the financial year ended 30 June 2021. The approval with respect to the financial year ended 30 June 2022, is expected to occur subsequent to the filing of this annual report.

The long-term incentive comprises equity-based payments. Kazia aims to attract and retain high calibre executives, and align their interests with those of the shareholders, by granting equity-based payments based on tenure. The share-options issued to executives are governed by the ESOP.

Employee share option plan

The Employee Share Option Plan ('ESOP') was most recently approved by shareholders in November 2020.

The ESOP provides for the issue of options to eligible individuals, being employees, Officers and Non-executive directors of Kazia.

Each option issued under the ESOP entitles its holder to acquire one fully paid ordinary share and is exercisable at a price based on a formula, which includes the weighted average price of such shares at the close of trading on the Australian Securities Exchange for the seven days prior to the date of issue. The number of options offered, the amount payable, the vesting period, the option period, the conditions of exercise or any other factors are at the discretion of the Board of Directors.

Kazia issued 4,800,000 share options under the ESOP during fiscal year 2022, of which 4,200,000 were issued to Key Management Personnel.

Any change to the ESOP will require approval by shareholders.

Use of remuneration consultants

During fiscal year 2022, the Company did not engage remuneration consultants to assist with the determination of remuneration levels.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of Kazia are set out in the following tables, reported in Australian dollars, the functional currency of the Company, unless otherwise noted.

The KMP of Kazia consisted of the following directors of Kazia Therapeutics Limited:

- Iain Ross - Non-Executive Director, Chairman
- Bryce Carmine - Non-Executive Director
- Steven Coffey - Non-Executive Director
- Dr James Garner - Managing Director, CEO
- Dr, John Friend – Chief Medical Officer (from 15 November 2021)
- Karen Krumeich – Chief Financial Officer (from 3 January 2022)

And the following persons:

- Gabrielle Heaton - Director of Finance and Administration (ceased 3 January 2022)
- Kate Hill - Company Secretary

Karen Krumeich was appointed as Chief Financial Officer and commenced employment on 3 January 2022. Consequently, Gabrielle Heaton is no longer considered to be key management personnel and therefore only remuneration from 1 July 2021 to 2 January 2022 is shown below.

2022	Short-term benefits Salary & fees Cash $	Short-term benefits Bonus Cash $	Short-term benefits Movements in accrued leave Non-monetary $	Short-term benefits Movements in long service leave Non-monetary $	Short-term benefits Healthcare & Insurance Cash $	Post-employment benefits Super-annuation $	Share-based payments Options Equity-settled $	Total $
Non-Executive Directors:								
I Ross*	150,546	—	—	—	—	—	46,159	196,705
B Carmine	85,000	—	—	—	—	8,500	46,159	139,659
S Coffey	85,000	—	—	—	—	8,500	46,159	139,659
Executive Directors:								
J Garner	530,500	325,000	35,905	12,074	—	85,550	1,015,198	2,004,227
Other Key Management Personnel:								
J Friend **	430,279	201,978	34,336	—	26,819	—	250,194	943,606
K Krumeich ***	277,972	—	15,272	—	6,307	—	100,331	399,882
G Heaton	104,000	30,000	2,337	19,262	—	13,400	27,910	196,909
K Hill	195,501	21,000	—	—	—	—	27,820	244,321
	1,858,798	577,978	87,850	31,336	33,126	115,950	1,559,930	4,264,968

* Salary paid in UK pounds, but disclosed in Australian dollars using conversion rate of 0.5447
** Salary paid in USD, but disclosed in Australian dollars using conversion rate of 0.7192
*** Salary paid in USD, but disclosed in Australian dollars using conversion rate of 0.7195

The cash bonuses were granted by the Remuneration Committee at a meeting held in November 2021. The amounts were determined on a discretionary basis by the Remuneration Committee after assessing the corporate achievements for fiscal year 2021.

Service agreements

Under Remuneration and Nomination Committee policy, employment contracts are entered into with each of the executives who is considered to be KMP. Under the terms of the contracts, remuneration is reviewed at least annually. The employment contracts of KMPs include a termination clause whereby a party can terminate the agreement on notice. Such notice may vary between 4 weeks and 6 months. Under the terms of each contract, payment in lieu can be made by Kazia to substitute the notice period. Kazia may terminate the contracts at any time without cause if serious misconduct has occurred. In the event that employment is terminated for cause, no severance pay or other benefits are payable by Kazia.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	James Garner
Title:	Chief Executive Officer, Managing Director
Agreement commenced:	February 1, 2016
Term of agreement:	Full-time employment
Details:	Base salary to be reviewed annually by the Remuneration and Nomination Committee. James's appointment with Kazia may be terminated with Kazia giving 6 months' notice or by James giving 6 months' notice. Kazia may elect to pay James equal amount to that proportion of his salary equivalent 6 months' pay in lieu of notice, together with any outstanding entitlements due to him. The current base salary, as from January 1, 2022, is A$543,000 including an allowance for health benefits.

Name:	John Friend
Title:	Chief Medical Officer
Agreement commenced:	November 15, 2021
Term of agreement:	Full time employment
Details:	Base salary for the year ending 30 June 2022 of US$492,000 and health care and insurance benefits, to be reviewed annually by the Remuneration and Nomination Committee. John's employment with the consolidated entity is at-will, and if terminated, it must pay any outstanding entitlements due to him.

Name:	Karen Krumeich
Title:	Chief Financial Officer
Agreement commenced:	January 3, 2022
Term of agreement:	Full time employment
Details:	Base salary for the year ending 30 June 2022 of US$400,000 and health care and insurance benefits, to be reviewed annually by the Remuneration and Nomination Committee. Karen's employment with the consolidated entity is at-will, and if terminated, it must pay any outstanding entitlements due to her.

Name:	Kate Hill
Title:	Company Secretary
Agreement commenced:	September 9, 2016.
Term of agreement:	Part-time contractor
Details:	Base remuneration is based on time worked. Daily rate to be reviewed annually by the Remuneration and Nomination Committee, with a monthly rate of $5,950 for a one-day week, applied from 1 June 2022. The contract is open ended. Kate's appointment with the consolidated entity may be terminated with the consolidated entity giving 60 days' notice or by Kate giving 60 days' notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of options

The options issued on 16 November 2021 were to James Garner (1,000,000 options with an exercise price set at the volume weighted average (VWAP) of shares during the 5 trading days immediately prior to the issue date with a value of $850,000 and 1,500,000 options set at the volume weighted average (VWAP) of shares during the 5 trading days immediately prior to the issue date with a value of $1,125,000), and John Friend (800,000 options with an exercise price set at the volume weighted average (VWAP) of shares during the 5 trading days immediately prior to the issue date with a value of $776,000).

The options issued on 1 February 2022 were to Kate Hill (100,000 options with an exercise price set at the volume weighted average (VWAP) of shares during the 5 trading days immediately prior to the issue date with a value of $59,000), Gabrielle Heaton (100,000 options with an exercise price set at the volume weighted average (VWAP) of shares during the 5 trading days immediately prior to the issue date with a value of $59,000) and Karen Krumeich (800,000 options with an exercise price set at the volume weighted average (VWAP) of shares during the 5 trading days immediately prior to the issue date with a value of $472,000). Service conditions are that any unvested options are forfeit on cessation of employment. There are no performance conditions, consistent with the Company's Employee Share Option Plan rules, as reapproved by shareholders on 6 November 2020.

Options issued during the financial year

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
16 November 2021	16 November 2021	16 November 2025	$ 1.6900	$ 0.850
16 November 2021	16 November 2022	16 November 2025	$ 1.6900	$ 0.850
16 November 2021	16 November 2023	16 November 2025	$ 1.6900	$ 0.850
16 November 2021	16 November 2024	16 November 2025	$ 1.6900	$ 0.850
16 November 2021	16 November 2022	16 November 2025	$ 2.2400	$ 0.750
16 November 2021	16 November 2023	16 November 2025	$ 2.2400	$ 0.750
16 November 2021	16 November 2024	16 November 2025	$ 2.2400	$ 0.750
16 November 2021	16 November 2022	16 November 2026	$ 1.5600	$ 0.970
16 November 2021	16 November 2023	16 November 2026	$ 1.5600	$ 0.970
16 November 2021	16 November 2024	16 November 2026	$ 1.5600	$ 0.970
16 November 2021	16 November 2025	16 November 2026	$ 1.5600	$ 0.970
1 February 2022	1 February 2023	1 February 2027	$ 0.9400	$ 0.590
1 February 2022	1 February 2024	1 February 2027	$ 0.9400	$ 0.590
1 February 2022	1 February 2025	1 February 2027	$ 0.9400	$ 0.590
1 February 2022	1 February 2026	1 February 2027	$ 0.9400	$ 0.590

Options granted carry no dividend or voting rights. Each option is convertible to one ordinary share upon exercise. During the year, 25,000 options were exercised by Kate Hill.

Pension benefits

The Company paid A$115,950 during fiscal year 2022 for employee superannuation benefits and pension benefits related to KMPs.

C. Board Practices

The role of the Board is as follows:

- representing and serving the interests of shareholders by overseeing and appraising the strategies, policies and performance of the Company. This includes overviewing the financial and human resources the Company has in place to meet its objectives and the review of management performance;
- protecting and optimizing Company performance and building sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;

- responsible for the overall Corporate Governance of Kazia Therapeutics Limited and its subsidiaries, including monitoring the strategic direction of the Company and those entities, formulating goals for management and monitoring the achievement of those goals;
- setting, reviewing and ensuring compliance with the Company's values (including the establishment and observance of high ethical standards); and
- ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

Responsibilities/functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the CEO;
- reviewing procedures in place for appointment of senior management and monitoring of its performance, and for succession planning. This includes ratifying the appointment and the removal of the Company Secretary;
- overseeing the Company, including its control and accountability systems;
- input into and final approval of management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing and guiding systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures in place to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- overseeing and monitoring compliance with the Code of Conduct and other corporate governance policies;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes in place aimed at ensuring the integrity of financial and other reporting;
- monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards; and
- performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director, employee or other person subject to ultimate responsibility of the directors under the Australian Corporations Act 2001.

Matters which are specifically reserved for the Board or its committees include the following:

- appointment of a Chair;
- appointment and removal of the CEO;
- appointment of directors to fill a vacancy or as additional directors;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- development and review of corporate governance principles and policies;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders; and
- any other specific matters nominated by the Board from time to time.

Structure of the Board

The Company's Constitution governs the regulation of meetings and proceedings of the Board. The Board determines its size and composition, subject to the terms of the Constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the Company Constitution (refer to 'Term of Directors' below).

While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. It is intended that the Board should comprise a majority of independent non-executive directors and comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. The Board regularly reviews the independence of each director in light of the interests disclosed to the Board.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principle 2.3 of the ASX Corporate Governance Principles and Recommendations (4th edition). The Board will review the independence of each director in light of interests disclosed to the Board from time to time. In accordance with the definition of independence above, and the materiality thresholds set, the Board considers Bryce Carmine, Iain Ross and Steven Coffey to be independent directors.

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense. The appointment and expiration dates of each director in office at the date of this report is as follows:

Name	Position	Year First Appointed	Current term expires
Bryce Carmine	Non-executive Director	2015	Nov-23
Iain Ross	Non-executive Director, Chairman	2014	Nov-24
Steven Coffey	Non-executive Director	2012	Nov-22
James Garner	Managing Director, CEO	2016	N/A*

* The managing director is exempt from standing for re-election under the Company's constitution and Australian corporate law.

Further details on each director can be found in "Names, titles, experience and expertise" above.

Term of Directors

The Company's Constitution requires that at each Annual General Meeting of the Company, one third (or the number nearest to but not exceeding one third) of the directors, (excluding a director who is the Managing Director, and a director appointed to fill a casual vacancy) must retire from office provided that no director may retain office for more than three years without offering himself/herself for re-election even though such submission results in more than one third of the directors retiring from office.

The Board of Directors has the power to appoint any person to be a director either to fill a casual vacancy or as an additional director (up to a maximum of 10). Any director so appointed may hold office only until the next Annual General Meeting when he or she shall be eligible for election by the Company shareholders.

Board of Directors

The Board of Kazia Limited is elected by and accountable to shareholders. The Board monitors and directs the business and is responsible for the corporate governance of the Company. As at 30 June 2022, the Board comprised of four directors, three of whom were non-executive directors.

We do have a 'diverse' board of directors as defined in Nasdaq Rule 5605(f). Kazia is a small company with four Directors. As noted in the Board Diversity Matrix Part II Demographic Background section, it is the opinion of the company that we do meet the requirements of a diverse Board.

Board Diversity as at 17 October 2022

	Female	Male	Non-Binary	Did Not Disclose Gender
Country of Principal Executive Offices: Australia				
Foreign Private Issuer: Yes				
Disclosure Prohibited Under Home Country Law: No				
Total Number of Directors: 4				
Part I: Gender Identity				
Directors		4		
Part II Demographic Background				
African American or Black				
Alaskan Native or Native American				
Asian				
Hispanic or Latinx				
Native Hawaiian or Pacific Islander				
White		4		
Two or More Races or Ethnicities				
LGBTQ+		1		
Did Not Disclosure Demographic Background				

Committees

The Board has established an Audit, Risk and Governance Committee and a Remuneration and Nomination Committee.

Audit, Risk and Governance Committee

The Board has established an Audit, Risk and Governance Committee which operates under a Charter approved by the Board, which is available on the Company's website. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non- financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit, Risk and Governance Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

Members of the Audit, Risk and Governance Committee are Steven Coffey (Chairman), Bryce Carmine and Iain Ross, each of whom is an independent director.

Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to assist and advise the Board to develop, implement and, from time to time, update policies in relation to:

- the selection, nomination and appointment processes for directors; and
- the remuneration of key management personnel and directors.

This committee is accountable to the Board for its performance and is subject to an annual review by the Board. Members of the Remuneration and Nomination Committee are Bryce Carmine (Chairman), Steven Coffey and Iain Ross, each of whom is an independent director.

Performance

The performance of the Board and key executives is reviewed regularly using both measurable and qualitative indicators.

On at least a bi-annual basis, directors will provide written feedback in relation to the performance of the Board and its Committees against a set of agreed criteria:

- each Committee of the Board will also be required to provide feedback in terms of a review of its own performance;
- feedback will be collected by the chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees;
- the Chief Executive Officer will also provide feedback from senior management in connection with any issues that may be relevant in the context of Board performance review; and
- where appropriate to facilitate the review process, assistance may be obtained from third party advisors.

Remuneration

It is the Company's objective to provide maximum shareholder benefit from the retention of a high-quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board, in assuming the responsibilities of assessing remuneration to employees, links the nature and amount of executive directors' and officers' remuneration to the Company and Company's financial and operational performance.

The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high-quality management to the Company; and
- performance incentives that allow executives to share in the success of Kazia Therapeutics Limited.

For a more comprehensive explanation of the Company's remuneration framework and the remuneration received by directors and key executives in the current period, please refer to the section "Compensation" above.

There is no plan to provide retirement benefits to executive or non-executive directors, except for the Australian Government Superannuation Guarantee.

The Remuneration and Nomination Committee is responsible for determining and reviewing compensation arrangements for the directors themselves and the Chief Executive Officer and executive team.

D. Employees

As of the end of each of the last three fiscal years, the Company employed the following number of people - FTEs:

Category of Activity	**2022**	**2021**	**2020**
Research and Development	6.8	4.6	3.6
Finance and Administration	2.2	1.7	1.7
Total	**9.0**	**6.3**	**5.3**

Geographic Location	**2022**	**2021**	**2020**
Australia	5.0	5.3	5.3
United States	4	1	0
Total	**9.0**	**6.3**	**5.3**

E. Share Ownership

Directors' and KMP interests in the shares and options of the Company for fiscal year 2022:

Shareholding

The number of shares in the company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Purchased on market	Disposed* (For KMP reporting purposes only)	Exercise of options	Balance at the end of the year
Ordinary shares					
B Carmine	372,693	47,169	—	—	419,862
S Coffey	434,265	50,000	—	—	484,265
I Ross	1,000,001	75,000	—	—	1,075,001
J Garner	430,000	70,000	—	—	500,000
K Hill	295,000	—	—	25,000	320,000
G Heaton*	113,168	—	(113,168)	—	—
	2,645,127	242,169	(113,168)	25,000	2,799,128

Each Director and Key Management Personnel owns less than 1% of shareholding.

* G Heaton still holds 113,168 shares. Disposal is for the purposes of KMP reporting only.

Option holding

The number of options over ordinary shares in the company held during the financial year by each Director and other members of Key Management Personnel of Kazia, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Disposed	Exercised	Balance at the end of the year
Options over ordinary shares					
J Garner *	2,000,000	2,500,000	—	—	4,500,000
K Hill *	125,000	100,000	—	(25,000)	200,000
G Heaton **	195,500	100,000	(295,500)	—	—
Iain Ross *	400,000	—	—	—	400,000
Bryce Carmine *	400,000	—	—	—	400,000
Steven Coffey *	400,000	—	—	—	400,000
John Friend *	—	800,000	—	—	800,000
Karen Krumeich *	—	800,000	—	—	800,000
	3,520,500	4,300,000	(295,500)	(25,000)	7,500,000

* Options issued under the Employee Share Option Plan. Unvested options are forfeited upon cessation of employment with the Company.

** Options held on ceasing to be KMP are treated as a disposal in the table above.

Share-based compensation

There were no shares issued to Directors or other KMP as part of compensation during fiscal year 2022.

Item 7. Major Shareholders and Related Party Transactions

A. Major shareholders

The following table present certain information regarding the beneficial ownership of our ordinary shares based on 151,112,796 ordinary shares outstanding at 7 October, 2022, by each person known by us to be the beneficial owner of more than 5% of our ordinary shares, as well as their holdings on 30 September 2021 and 14 October 2020.

	Ordinary shares beneficially owned					
5% or greater shareholders	**7 October 2022**		**30 September, 2021**		**14 August, 2020**	
	Number	**%**	**Number**	**%**	**Number**	**%**
Hyecorp	19,220,000	12.7%	18,715,000	14.44%	18,570,000	16.1%
Platinum International Healthcare Fund			7,084,856	5.47%	11,356,760	9.9%
Quest Asset Partners Pty Ltd			11,101,710	8.4%	7,215,790	6.3%

At 7 October 2022, there were 6,058,485 of the Company's ADSs outstanding, representing 60,584,850 ordinary shares (or 40.0% of the then outstanding ordinary shares). At 7 October 2022, there were 34 registered holders of the Company's ADSs. On that same date, 1,742,131 ordinary shares were held directly by U.S. holders. As of 7 October 2022 the total holdings for Platinum International Healthcare and Quest Asset Partners Pty Ltd did not meet the 5% beneficial ownership required for reporting. The holdings included in the above table are as notified to the ASX by that holder.

There have been no other significant shareholders in the last three fiscal years. All shareholders have the same voting rights.

B. Related party transactions

During fiscal year 2022, and up to the date of this report, we did not enter into any transactions or loans with any: (i) enterprises that directly or indirectly, through one or more intermediaries, control, are controlled by or are under common control with us; (ii) associates; (iii) individuals owning, directly or indirectly, an interest in our voting power that gives them significant influence over us, and close members of any such individual's family; (iv) executive officers and close members of such individuals' families; or (v) enterprises in which a substantial interest in our voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such person is able to exercise significant influence.

Transactions between related parties, when they occur, are on normal commercial terms and the conditions no more favorable than those available to other non-related parties.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Consolidated financial statements are included in Item 18. “Financial Statements” commencing on page F-1.

Legal proceedings

In prior periods, Kazia was prosecuting its Intellectual Property (‘IP’) rights against an Austrian company, APOtrend, and had provided a guarantee to the value of €250,000 with the court to provide security for potential damage claims raised by APOtrend. During fiscal 2021 the proceedings were settled and the deposit was released in full back to Kazia.

Dividends

There were no dividends paid, recommended or declared during fiscal years 2022, 2021 or 2020.

B. Significant Changes

No significant change has occurred since the date of the annual financial statements included in this Annual Report on Form 20-F.

Item 9. The Offer and Listing

A. Offer and listing details

See Item 9C for more information.

B. Plan of Distribution

Not applicable.

C. Markets

Kazia’s principal listing exchange and the exchange upon which its ordinary shares are quoted is the Australian Securities Exchange (“ASX”). The trading symbol on ASX is ‘KZA’.

Kazia’s ordinary shares trade in the U.S. in the form of ADSs on the NASDAQ Capital Market. Each ADS represents 10 ordinary shares of Kazia. The trading symbol on the NASDAQ Capital Market is ‘KZIA’. Kazia has entered into a Deposit Agreement with The Bank of New York Mellon under which the Bank of New York, acting as depositary, issues the ADSs.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Our Constitution is similar in nature to the bylaws of a U.S. corporation. It does not provide for or prescribe any specific objectives or purposes of Kazia. Our Constitution is subject to the terms of the ASX Listing Rules and the Corporations Act. It may be amended or repealed and replaced by special resolution of shareholders, passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

Under Australian law, a company has the legal capacity and powers of an individual both within and outside Australia. The material provisions of our Constitution are summarized below. This summary is not intended to be complete nor to constitute a definitive statement of the rights and liabilities of our shareholders, and is qualified in its entirety by reference to the complete text of our Constitution, a copy of which is incorporated by reference as Exhibit 1.1 to this Annual Report.

Interested Directors

Subject to the Corporations Act and the ASX Listing Rules, neither a director nor that director's alternate may vote in respect of any contract or arrangement in which the director has, directly or indirectly, any material interest according to our Constitution. However, that director may execute or otherwise act in respect of that contract or arrangement notwithstanding any material personal interest. Unless a relevant exception applies, the Corporations Act requires our directors to provide disclosure of any material personal interest, and prohibits directors from voting on matters in which they have a material personal interest or being present while such matter is being considered at the board meeting. In addition, the Corporations Act and the ASX Listing Rules require shareholder approval of any provision of related party benefits to our directors.

Directors compensation

Our directors are paid remuneration for their services as directors (but excluding any remuneration payable to a director under any executive services contract with us or one of our related bodies corporate) which is determined in a general meeting of shareholders. The aggregate, fixed sum for directors' remuneration is to be divided among the directors in such proportion as the directors themselves agree and in accordance with our Constitution. The fixed sum remuneration for directors may not be increased except at a general meeting of shareholders and the particulars of the proposed increase are required to have been provided to shareholders in the notice convening the meeting. In addition, executive directors may be paid remuneration as determined by the directors from time to time and, subject to the ASX Listing Rules, including as a salary, commission or participation in profits and/or by the issue of shares, options to acquire shares or performance rights or other incentives (or a combination of any of these methods of remuneration).

Fees payable to our non-executive directors must be by way of a fixed sum and not by way of a commission on or a percentage of profits. Remuneration paid to our executive directors must also not include a commission or percentage of operating revenue.

Pursuant to our Constitution, if, at our board's request, any director performs extra services or makes special exertions, Kazia may remunerate that director by paying for those services and exertions.

In addition to other remuneration provided in our Constitution, all of our directors are entitled to be paid by us for all other travelling, accommodation and other expenses incurred by the directors in attending and returning from general meetings, board meetings, committee meetings or otherwise in connection with our business.

Borrowing powers exercisable by Directors

Pursuant to our Constitution, the management and control of our business affairs are vested in our board of directors. Our board of directors has the power to raise or borrow money or obtain other financial accommodation for Company purposes, and may grant security for the repayment of that sum or sums or the payment, performance or fulfilment of any debts, liabilities, contracts or obligations incurred or undertaken by the Company in any manner and on any terms and conditions as our board thinks fit.

Retirement of Directors

Pursuant to our Constitution and the ASX Listing Rules, at least one director, other than the Managing Director, must retire from office at every annual general meeting unless there has been an election of directors earlier that year. A director, other than the director who is the Managing Director, must retire from office at the conclusion of three years or following the third annual general meeting after which the director was elected, whichever is longer. If no director is required to retire at an annual general meeting, then the director to retire will be the director who has been longest in office since last being elected. Retired directors are eligible for a re-election to the board of directors unless disqualified from acting as a director under the Corporations Act or our Constitution.

Rights and restrictions on classes of shares

The rights attaching to our ordinary shares are detailed in our Constitution. Our Constitution provides that our directors may issue shares with any preferential, deferred or special rights, privileges or conditions or with any restriction (whether in relation to dividends, voting, return of share capital or otherwise) as our board of directors may determine. Subject to any approval which is required from our shareholders under the Corporations Act and the ASX Listing Rules, we may issue further shares on such terms and conditions as our board of directors resolves.

Dividend rights

Our board of directors may from time to time determine to pay and declare dividends to shareholders. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our board of directors for our benefit until claimed or otherwise disposed of in accordance with our Constitution.

Voting rights

Under our Constitution, and subject to any voting exclusions imposed under the ASX Listing Rules (which typically exclude parties from voting on resolutions in which they have an interest), the rights and restrictions attaching to a class of shares, each shareholder has one vote on a show of hands at a meeting of the shareholders unless a poll is demanded under the Constitution or the Corporations Act. On a poll vote, each shareholder shall have one vote for each fully paid share and a fractional vote for each share held by that shareholder that is not fully paid, such fraction being equivalent to the proportion of the amount that has been paid to such date on that share. Shareholders may vote in person or by proxy, attorney or representative. Under Australian law, shareholders of a public company are generally not permitted to approve corporate matters by written consent. Our Constitution does not provide for cumulative voting. Note that ADS holders may not directly vote at a meeting of the shareholders but may instruct the depositary to vote the number of deposited ordinary shares their ADSs represent.

Right to share in our profits

Pursuant to our Constitution, our shareholders are entitled to participate in our profits only by payment of dividends. Our board of directors may from time to time determine to pay dividends to the shareholders; however, no dividend is payable except in accordance with the thresholds set out in the Corporations Act.

Rights to share in the surplus in the event of winding up

Our Constitution provides for the right of shareholders to participate in a surplus in the event of our winding up, subject to the rights attaching to a class of shares, the Constitution, the Corporations Act and the ASX Listing Rules.

No redemption provision for ordinary shares

There are no redemption provisions in our Constitution in relation to ordinary shares. Under our Constitution, any preference shares may be issued on the terms that they are, or may at the option of Kazia or the holder be, liable to be redeemed or converted into ordinary shares.

Variation or cancellation of share rights

Subject to the Corporations Act, the ASX Listing Rules and the terms of issue of shares of that class, the rights attached to shares in a class of shares may only be varied or cancelled by either:

- a special resolution passed at a meeting of members holding shares in that class; or
- the written consent of members with at least 75% of the shares in that class.

Directors may make calls

Our Constitution provides that our directors may make calls on a shareholder for all monies unpaid on shares held by that shareholder, other than monies payable at fixed times under the conditions of allotment.

General Meetings of Shareholders

General meetings of shareholders may be called by our board of directors. Except as permitted under the Corporations Act, shareholders may not convene a meeting. The Corporations Act requires the directors to call and arrange to hold a general meeting on the request of shareholders with at least 5% of the votes that may be cast at a general meeting. Notice of the proposed meeting of our shareholders is required at least 28 days prior to such meeting under the Corporations Act.

Foreign Ownership Regulation

Our Constitution does not impose specific limitations on the rights of non-residents to own securities. However, acquisitions and proposed acquisitions of securities in Australian companies may be subject to review and approval by the Australian Federal Treasurer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (the "Foreign Takeovers Act"), which generally applies to acquisitions or proposed acquisitions:

- by a foreign person (as defined in the Foreign Takeovers Act) or associated foreign persons that would result in such persons having an interest in 20% or more of the issued shares of, or control of 20% or more of the voting power in, an Australian company; and
- by non-associated foreign persons that would result in such foreign persons having an aggregate interest in 40% or more of the issued shares of, or control of 40% or more of the voting power in, an Australian company, where the Australian company is valued above the monetary threshold prescribed by Foreign Takeovers Act.

However, in general terms, no such review or approval under the Foreign Takeovers Act is required if the foreign acquirer is a U.S. entity or an entity from certain other countries and the value of the target is less than A$1,250 million, unless the company operates in certain sensitive industries. Exemptions do not apply to investments by foreign governments and their associated entities.

The Australian Federal Treasurer may prevent a proposed acquisition in the above categories or impose conditions on such acquisition if the Treasurer is satisfied that the acquisition would be contrary to the national interest. If a foreign person acquires shares or an interest in shares in an Australian company in contravention of the Foreign Takeovers Act, the Australian Federal Treasurer may make a range of orders including an order the divestiture of such person's shares or interest in shares in that Australian company.

Ownership Threshold

There are no specific provisions in our Constitution that require a shareholder to disclose ownership above a certain threshold. The Corporations Act, however, requires a shareholder to notify us and the ASX once it, together with its associates, acquires a 5% interest in our ordinary shares, at which point the shareholder will be considered to be a "substantial" shareholder. Further, once a shareholder owns (alone or together with associates) a 5% interest in us, such shareholder must notify us and the ASX of any increase or decrease of 1% or more in its holding of our ordinary shares, and must also notify us and the ASX on its ceasing to be a "substantial" shareholder. As we are also a U.S. public company, our shareholders are also subject to disclosure requirements under U.S. securities laws.

Issues of Shares and Change in Capital

Subject to our Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law, we may at any time issue shares and give any person a call or option over any shares on any terms, with preferential, deferred or special rights, privileges or conditions or with any restrictions and for the consideration and other terms that the directors determine.

Subject to the requirements of our Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law, including relevant shareholder approvals, we may consolidate or divide our share capital into a larger or smaller number by resolution, reduce our share capital in any manner (provided that the reduction is fair and reasonable to our shareholders as a whole, does not materially prejudice our ability to pay creditors and obtains the necessary shareholder approval) or buy back our ordinary shares whether under an equal access buy-back or on a selective basis.

Change of Control

Takeovers of listed Australian public companies, such as Kazia, are regulated by the Corporations Act, which prohibits the acquisition of a "relevant interest" in issued voting shares in a listed company if the acquisition will lead to that person's or someone else's "voting power" (being the person's relevant interests plus those of its associates) in Kazia's issued shares increasing from 20% or below to more than 20% or increasing from a starting point that is above 20% and below 90% ("**Takeovers Prohibition**"), subject to a range of exceptions.

Generally, a person will have a relevant interest in securities if the person:

- is the holder of the securities or the holder of an ADS over the shares;
- has power to exercise, or control the exercise of, a right to vote attached to the securities; or
- has the power to dispose of, or control the exercise of a power to dispose of, the securities, including any indirect or direct power or control.

If, at a particular time:

- a person has a relevant interest in issued securities; and
- the person has:
  - entered or enters into an agreement with another person with respect to the securities;
  - given or gives another person an enforceable right, or has been or is given an enforceable right by another person, in relation to the securities (whether the right is enforceable presently or in the future and whether or not on the fulfillment of a condition); or
  - granted or grants an option to, or has been or is granted an option by, another person with respect to the securities; and
- the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised.

then the other person is taken to already have a relevant interest in the securities.

There are a number of exceptions to the Takeovers Prohibition on acquiring a relevant interest in issued voting shares above 20%. In general terms, some of the more significant exceptions include:

- when the acquisition results from the acceptance of an offer under a formal takeover bid;
- when the acquisition is conducted on market by or on behalf of the bidder during the bid period for a full takeover bid that is unconditional or only conditional on certain 'prescribed' matters set out in the Corporations Act;
- when the acquisition has been previously approved by shareholders of Kazia by resolution passed at general meeting;
- an acquisition by a person if, throughout the six months before the acquisition, that person or any other person has had voting power in Kazia of at least 19% and, as a result of the acquisition, none of the relevant persons would have voting power in Kazia more than three percentage points higher than they had six months before the acquisition;
- when the acquisition results from the issue of securities under a pro rata rights issue;
- when the acquisition results from the issue of securities under a dividend reinvestment scheme or bonus share plan;
- when the acquisition results from the issue of securities under certain underwriting arrangements;
- when the acquisition results from the issue of securities through a will or through operation of law;
- an acquisition that arises through the acquisition of a relevant interest in another listed company which is listed on a prescribed financial market or a foreign market approved by ASIC;
- an acquisition arising from an auction of forfeited shares conducted on-market; or
- an acquisition arising through a compromise, arrangement, liquidation or buy-back.

Breaches of the takeovers provisions of the Corporations Act are criminal offenses. The Australian Securities and Investments Commission, or ASIC, and the Australian Takeover Panel have a wide range of powers relating to breaches of takeover provisions or other circumstances deemed to be unacceptable (whether or not they involve a breach of the takeover provisions), including the ability to make orders canceling contracts, freezing transfers of, and rights attached to, securities, and forcing a party to dispose of securities. There are certain defenses to breaches of the takeover provisions provided in the Corporations Act.

Access to and Inspection of Documents

Inspection of our records is governed by the Corporations Act. Any member of the public has the right to inspect or obtain copies of our registers on the payment of a prescribed fee. Shareholders are not required to pay a fee for inspection of our registers or minute books of the meetings of shareholders. Other corporate records, including minutes of directors' meetings, financial records and other documents, are not open for inspection by shareholders. Where a shareholder is acting in good faith and an inspection is deemed to be made for a proper purpose, a shareholder may apply to the court to make an order for inspection of our books.

C. Material contracts

License Agreement with Genentech Inc.

In October 2016, the Company entered into a worldwide licensing agreement with Genentech, a member of the Roche Group, to develop and commercialize GDC-0084, a small molecule inhibitor of the phosphoinositide-3-kinase (PI3K) pathway. Under the terms of the agreement, the Company paid Genentech an upfront payment of US$5 million. In addition, the terms of the agreement call for performance-related consideration linked to regulatory and commercial outcomes and royalty payments in-line with industry benchmarks.

Acquisition of Glioblast Pty Ltd—Share Sale Agreement with Kilinwata Investments Pty. Ltd., Mi Ok Chong and Paul Hopper

In October 2016, the Company acquired 100% of the issued shares of Glioblast Pty Ltd, a privately-held, neuro-oncology-focused Australian biotechnology company. The transaction included an upfront payment of A$2.1 million, comprising A$600,000 in cash and ordinary fully-paid shares valued at A$1.5 million, with the actual number of shares determined on the basis of the volume-weighted average price of the Company's shares on the ASX in the seven days prior to this announcement. The shareholders of Glioblast will be eligible for further payments in cash or equity on the achievement of performance related milestones. The first two of these milestones provide for the issue of ordinary fully-paid shares valued at A$1.25 million respectively on commencement and successful completion of a phase II clinical trial of GDC-0084, with the actual number of shares determined on the basis of the volume-weighted average price of the Company's shares on the ASX in the seven days prior to satisfaction of the relevant milestone being announced. A further two milestones may trigger payments in cash or equity at the Company's sole discretion. Any issue of equity in the Company will be subject to a minimum six-month escrow period.

At the date of this report, one milestone has lapsed and two have been settled in shares. The remaining milestone relates to the successful completion of a phase II trial in GDC-0084.

Convertible Note Deed Poll and Amendment

On 4 December 2014, we and Triaxial signed a Convertible Note Deed Poll ('Deed') which superseded a Loan Agreement. The Deed extinguishes the liability created by the Loan Agreement, which previously allowed for a cash settlement and now allows Triaxial to convert their debt into ordinary shares, provided that the Company achieves defined milestones established in the schedule of the Deed. Accordingly, the convertible note has been reclassified as an equity instrument rather than debt instrument.

During the fiscal 2017, the Company reached two milestones triggering the conversion of a portion of its convertible note as follows;

- On 11 August 2016, the Company announced the submission of an IND application. On 10 September 2016, the Company received a letter from the FDA advising the study may proceed. This triggered the conversion of Convertible Notes with a face value of A$500,000 into 20,000,000 ordinary shares.
- On 31 October 2016, the Company announced it had licensed a phase II ready molecule. This triggered the conversion of Convertible Notes with a face value of A$400,000 into 16,000,000 ordinary shares.

During fiscal 2018, A$136,000 of the Convertible Notes was extinguished. The remaining Convertible Notes with a face value of A$464,000 at year end may be converted into 1,856,000 ordinary shares of the Company (post share consolidation).

On 21 April 2022 the completion of the phase II study of paxalisib in glioblastoma (NCT03522298) was announced and on 5 May 2022 the remaining portion of the convertible note was extinguished and converted to 1,855,357 ordinary shares.

Clinical Trial Collaboration and Supply Agreement with the Global Coalition for Adaptive Research

In October 2020, the Company entered into a Clinical Trial Collaboration and Supply Agreement with the Global Coalition for Adaptive Research (GCAR), a US-based 501(C)(3) non-profit organisation. The agreement relates to the inclusion of Kazia's investigational new drug, paxalisib (GDC-0084) in a phase II/III adaptive clinical trial known as GBM AGILE (NCT03970447), which is expected to serve as the pivotal study for registration of paxalisib in glioblastoma by the US Food and Drug Administration (FDA). Under the terms of the agreement, the Company paid GCAR an upfront payment of US$5 million on execution, and will make further payments to GCAR throughout the course of the study, as defined milestones are met, with the total cost of the study capped at a pre-defined amount under the terms of the agreement. GCAR will serve as the sponsor of GBM AGILE and the company will supply investigational product for conduct of the study at its sole expense. It is expected that paxalisib's participation in GBM AGILE will be approximately three to four years in duration.

License Agreement with Vivesto AB (formerly Oasmia Pharmaceutical AB)

In March 2021, the Company entered into an exclusive worldwide license agreement with Vivesto AB, (formerly Oasmia Pharmaceutical AB), an innovation-focused specialty pharmaceutical company, for Cantrixil (TRX-E-002-1), a clinical-stage, first-in-class drug candidate under development for the treatment of ovarian cancer. Under the terms of the agreement, Vivesto assumed worldwide exclusive rights to develop and commercialize Cantrixil for all indications, with an initial focus on ovarian cancer. During fiscal 2021, Vivesto made an up-front payment of US$4 million, with contingent milestones of up to US$42 million and double-digit royalties on commercial sales.

License Agreement with Simcere Pharmaceutical Group Ltd

In March 2021, the Company entered into a licensing agreement with Simcere Pharmaceutical Group Ltd ("Simcere") to develop and commercialize the Company's investigational new drug, paxalisib, in Greater China. Under the terms of the agreement, Simcere assumed responsibility for the development, registration and commercialization of paxalisib in Greater China (a territory which includes Mainland China, Hong Kong, Macau and Taiwan). The Company received an upfront payment of US$11 million comprising US$7 million in cash and a US$4 million equity investment, priced at a 20% premium to recent trading. The Company will also receive contingent milestone payments of up to US$281 million for glioblastoma, with further milestones payable for indications beyond glioblastoma. Simcere will additionally pay mid-teen percentage royalties on commercial sales.

License Agreement with Evotec SE

In April 2021, the Company entered into a worldwide exclusive licensing agreement with Evotec SE, a leading European drug discovery and development company, for EVT801, a small-molecule, first-in-class oncology drug candidate. Under the terms of the agreement, Evotec has granted Kazia an exclusive license to develop, manufacture, and commercialize EVT801 in all territories and indications. The Company paid an up-front amount of €1 million (approximately A$1.6 million). In addition, the terms of the agreement call for performance-related consideration linked to regulatory and commercial outcomes up to a maximum of €308 million (approximately A$480 million) and tiered single-digit royalty payments.

D. Exchange controls

Australia has largely abolished exchange controls on investment transactions. The Australian dollar is freely convertible into U.S. dollars. In addition, (other than as specified under "taxation" below and certain restrictions imposed under Australian law in relation to dealings with the assets of and transactions with, designated countries, entities and persons specified by the Australian Government Department of Foreign Affairs and Trade from time to time, including, persons connected with terrorism) there are currently no specific rules or limitations regarding the export from Australia of profits, dividends, capital, or similar funds belonging to foreign investors, except that certain payments to non-residents must be reported to the Australian Transaction Reports and Analysis Centre, which monitors such transactions.

Under Australian law, foreign persons may require the approval from the Australian Treasurer to acquire more than a limited percentage of the interests in an Australian company. These limitations are set forth in the A*ustralian Foreign Acquisitions and Takeovers Act 1975* (Cth) (the "Foreign Takeovers Act").

Under the Foreign Takeovers Act, in general terms, the approval of the Australian Treasurer is required for any foreign person (either alone or together with any one or more of its associates) to acquire an interest of 20% or more of the voting power (including potential voting power) or issued shares (including rights to issued shares) ("Substantial Interest") in an Australian entity, whose total issued securities value or total asset value (whichever is higher) exceed A$289 million. If the person is a U.S. investor, the A$289 million threshold applies only for investments in prescribed sensitive sectors, otherwise a threshold of A$1,250 million rather than A$289 million applies. Certain types of investments, such as all direct investment by foreign governments and their related entities regardless of the value of the investment, including proposals to establish new businesses, must be notified to the Australian Treasurer. Where an acquisition is made in breach of these requirements, the Australian Treasurer may make a range of orders including an order requiring the acquirer to dispose of its Substantial Interest within a specified period of time.

In addition, if a foreign person acquires a Substantial Interest in Kazia in circumstances where the above monetary thresholds would be exceeded and as a result the total holdings of all foreign persons and their associates exceeds 40% in aggregate without the approval of the Australian Treasurer, then the Australian Treasurer may make a range of orders including an order requiring the acquirer to dispose of its Substantial Interest within a specified period of time. The same rule applies if the total holdings of all foreign persons and their associates already exceeds 40% and a foreign person (or its associate) acquires any further interests, including in the course of trading in the secondary market of the ADSs.

Under the current Australian foreign investment policy, the Australian Treasurer has the power to make such an order in relation to an acquisition that contravenes the Foreign Takeovers Act where the level of foreign ownership exceeds 40% in the ordinary course of trading, if the Australian Treasurer is satisfied that the acquisition is contrary to the national interest. The Foreign Takeovers Act allows foreign persons to seek prior approval of acquisitions of Kazia interests which could otherwise result in the Australian Treasurer making an order requiring the foreign person to dispose of any Substantial Interest.

If a foreign person holds more than 20% of the interests of Kazia or if the level of aggregate foreign ownership of Kazia exceeds 40% at any time, Kazia would be considered a foreign person under the Foreign Takeovers Act. In such event, Kazia would be required to obtain the approval of the Australian Treasurer for Kazia, together with its associates, to acquire: (i) more than 20% of an Australian company or business with a total issued securities value or total asset value (whichever is higher) totaling over A$289 million; or (ii) any direct or indirect ownership interest in Australian land. However, as mentioned above, in general terms, proposals by U.S. investors for investment in non-sensitive sectors do not require notification to the Australian Treasurer or the Australian Treasurer's approval unless the value of the target Australian company or business exceeds A$1,250 million.

The percentage of foreign ownership of Kazia would also be included in determining the foreign ownership of any Australian company or business in which it may choose to invest. Kazia has no current plans for any such acquisitions. The Company's Constitution does not impose specific limitations on a non-resident's right to hold or vote the Company's securities.

E. Taxation

U.S. Taxation

This section describes certain material U.S. federal income tax consequences to a U.S. holder (as defined below) of owning ordinary shares or ADSs. It applies only to ordinary shares or ADSs that are held as capital assets for tax purposes. This section does not apply to a holder of ordinary shares or ADSs that is a member of a class of holders subject to special rules, including a financial institution, a dealer or trader in securities, a regulated investment company, a real estate investment trust, a grantor trust, a U.S. expatriate, a tax-exempt organization, an insurance company, a person liable for alternative minimum tax, a person who actually or constructively owns 10% or more of the stock of the Company, a person that holds ordinary shares or ADSs as part of a straddle or a hedging or conversion transaction, a person that purchases or sells ordinary shares or ADSs as part of a wash sale for tax purposes, or a person whose functional currency is not the U.S. dollar. Further, this description does not address state, local, non-U.S, or other tax laws, nor does it address the 3.8% U.S. federal Medicare tax on net investment income, the alternative minimum tax or the U.S. federal gift and estate tax consequences of owning and disposing of ordinary shares or ADSs.

For purposes of this description, a "U.S. holder" is a beneficial owner of ordinary shares or ADSs who holds such ordinary shares or ADSs as capital assets within the meaning of the Code and is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that either (a) is subject to the supervision of a court within the United States and has one or more U.S. persons with authority to control all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership holds the ordinary shares or ADSs, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the ordinary shares or ADSs should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the ordinary shares or ADSs.

The discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury Regulations, all as of the date hereof, changes to any of which may affect the tax consequences described herein — possibly with retroactive effect. There can be no assurances that the Internal Revenue Service (the "IRS") will not take a contrary or different position concerning the tax consequences of the ownership and disposition of our ordinary shares or ADSs or that such a position would not be sustained by a court. We have not obtained, nor do we intend to obtain, a ruling with respect to the U.S. federal income tax considerations relating to the purchase, ownership or disposition of our ordinary shares or ADSs. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of our ordinary shares or ADSs in their particular circumstances.

This section is in part based on the representations of the Depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. In general, for U.S. federal income tax purposes, a holder of ADSs will be treated as the owner of the ordinary shares represented by those ADSs. Exchanges of ordinary shares for ADSs, and ADSs for ordinary shares generally will not be subject to U.S. federal income tax.

Distributions

Subject to the Passive Foreign Investment Company ("PFIC") rules discussed below, U.S. holders generally will include as dividend income the U.S. dollar value of the gross amount of any distributions of cash or property (without deduction for any withholding tax), other than certain pro rata distributions of ordinary shares, with respect to ordinary shares or ADSs to the extent the distributions are made from our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend income on the day actually or constructively received (i) by the holder, in the case of ordinary shares, or (ii) by the depositary, in the case of ADSs. We do not intend to maintain calculations of earnings and profits, as determined for U.S. federal income tax purposes. Consequently, any distributions generally will be treated as dividend income.

Dividends paid to a non-corporate U.S. holder on shares or ADSs will generally be taxable at the preferential rates applicable to long-term capital gains provided (a) that certain holding period requirements are satisfied, (b) (i) the U.S.-Australia income tax treaty ("the Treaty") is a qualified treaty and we are eligible for benefits under the Treaty or (ii) our ordinary shares or ADSs are readily tradable on a U.S. securities market, and (c) provided that we were not, in the taxable year prior to the year in which the dividend was paid, and are not, in the taxable year in which the dividend is paid, a PFIC. The Treaty has been approved for the purposes of the qualified dividend rules and the ADSs are listed on NASDAQ. If the Company is a PFIC, any dividends paid to a noncorporate U.S. holder will not qualify for the preferential tax rates ordinarily applicable to "qualified dividends." In the case of a corporate U.S. holder, dividends on shares and ADSs are taxed as ordinary income and will not be eligible for the dividends received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

The amount of any cash distribution paid in any foreign currency will be equal to the U.S. dollar value of such currency, calculated by reference to the spot rate in effect on the date such distribution is received by the U.S. holder or, in the case of ADSs, by the Depositary, regardless of whether and when the foreign currency is in fact converted into U.S. dollars. If the foreign currency is converted into U.S. dollars on the date received, the U.S. holder generally should not recognize foreign currency gain or loss on such conversion. If the foreign currency is not converted into U.S. dollars on the date received, the U.S. holder will have a basis in the foreign currency equal to its U.S. dollar value on the date received, and generally will recognize foreign currency gain or loss on a subsequent conversion or other disposal of such currency. Such foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes.

Dividends will be income from sources outside the United States, and generally will be "passive category" income or, for certain taxpayers, "general category" income, which are treated separately from each other for the purpose of computing the foreign tax credit allowable to a U.S. holder. The availability of the foreign tax credit and the application of the limitations on its availability are fact specific and are subject to complex rules. In general, a taxpayer's ability to use foreign tax credits may be limited and is dependent on the particular circumstances. U.S. holders should consult their own tax advisors with respect to these matters.

Sale, Exchange or other Disposition of Ordinary Shares or ADSs

Subject to the PFIC rules discussed below, a U.S. holder who sells or otherwise disposes of ordinary shares or ADSs will recognize a capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount realized and the holder's tax basis, determined in U.S. dollars, in those ordinary shares or ADSs. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the holder has a holding period greater than 12 months in the shares or ADSs sold. There are limitations on the deductibility of capital losses.

The U.S. dollar value of any foreign currency received upon a sale or other disposition of ordinary shares or ADSs will be calculated by reference to the spot rate in effect on the date of sale or other disposal (or, in the case of a cash basis or electing accrual basis taxpayer, at the spot rate of exchange on the settlement date). A U.S. holder will have a tax basis in the foreign currency received equal to that U.S. dollar amount, and generally will recognize foreign currency gain or loss on a subsequent conversion or other disposal of the foreign currency. This foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes. If such foreign currency is converted into U.S. dollars on the date received by the U.S. holder, a cash basis or electing accrual basis U.S. holder should not recognize any gain or loss on such conversion.

Passive Foreign Investment Company

A non-U.S. corporation will be a PFIC for U.S. federal income tax purposes for any taxable year if either:

- 75% or more of its gross income for such year is "passive income" which for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions and gains from assets that produce passive income; or
- 50% or more of the value of its gross assets (based on an average of the quarterly values of the gross assets) during such year is attributable to assets that produce passive income or are held for the production of passive income.

Passive income does not include rents and royalties derived from the active conduct of a trade or business. If the stock of a non-U.S. corporation is publicly traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such corporation's assets. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income for purposes of the PFIC income and asset tests. If the stock of a non-U.S. corporation is publicly-traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such corporation's assets. If we were a PFIC in any year during a U.S. holder's holding period for our ordinary shares or ADSs, we would ordinarily continue to be treated as a PFIC for each subsequent year during which the U.S. holder owned the ordinary shares or ADSs, regardless of whether we continue to meet the tests described above unless (a) we ceased to be a PFIC and (b) the U.S. holder has made a deemed sale election under the PFIC rules which may result in recognition of gain (but not loss), taxable under the PFIC rules described below, without the receipt of any corresponding cash. Based on the composition of our assets and income, we believe that we may be treated as a PFIC for U.S. federal income tax purposes with respect to our 2021 taxable year. However, the determination of PFIC status is a factual determination that must be made annually at the close of each taxable year and therefore, there can be no certainty as to our status in this regard until the close of the current or any future taxable year. Changes in the nature of our income or assets or a decrease in the trading price of our ordinary shares or ADSs may cause us to be considered a PFIC in the current or any subsequent year.

If we are a PFIC, and you are a U.S. holder, then unless you make one of the elections described below, a special tax regime will apply to both (a) any "excess distribution" by us to you (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for our ordinary shares) and (b) any gain realized on the sale or other disposition of the ordinary shares. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over your holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under "Distributions."

Certain elections may potentially be used to reduce the adverse impact of the PFIC rules on U.S. Holders ("qualifying electing fund", or QEF) , and "mark-to-market" elections), but these elections may accelerate the recognition of taxable income and may result in the recognition of ordinary income.

The rules described above for excess distributions would not apply to a U.S. holder if the U.S. holder makes a timely QEF election for the first taxable year of the U.S. holding period for ordinary shares and we comply with specified reporting requirements. A timely QEF election for a taxable year generally must be made on or before the due date (as may be extended) for filing the taxpayer's U.S. federal income tax return for the year. A U.S. holder who makes a QEF election generally must report on a current year basis a pro rata share of our ordinary earnings and net capital gain for any taxable year in which we are a PFIC, whether or not those earnings or gains are distributed. A U.S. holder who makes a QEF election must file a Form 8621 with its annual income tax return. If we determine we are a PFIC for any taxable year, we intend to make available an information statement that will contain the necessary information required for a U.S. holder to make a QEF election with respect to our ordinary shares. We may choose to provide such information on our website.

If a U.S. holder does not make a QEF election for the first taxable year of the U.S. holder's holding period for ordinary shares during which we are a PFIC, the QEF election will not be treated as timely and the adverse tax regime described above would apply to dispositions of or excess distributions on the ordinary shares. In such case, a U.S. holder may make a deemed sale election whereby the U.S. holder would be treated as if the U.S. holder had sold the ordinary shares in a fully taxable sale at fair market value on the first day of such taxable year in which the QEF election takes effect. Such U.S. holder would be required to recognize any gain on the deemed sale as an excess distribution and pay any tax and interest due on the excess distribution when making the deemed sale election. The effect of such further election would be to restart the U.S. holder's holding period in the ordinary shares, subject to the QEF regime, and to purge the PFIC status of such ordinary shares going forward.

If a U.S. holder makes the mark-to-market election with respect to ordinary shares, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of the ordinary shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the ordinary shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if we are a PFIC and our ordinary shares are "regularly traded" on a "qualified exchange". Our ordinary shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principle purposes the meeting of the trading requirement as disregarded). The NASDAQ is a qualified exchange for this purpose and consequently, if the ordinary shares are regularly traded, the mark-to-market election should be available to a U.S. holder.

U.S. holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are a PFIC, the general tax treatment for U.S. holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. holders in respect of any of our subsidiaries that also may be determined to be PFICs.

If a U.S. holder owns ordinary shares during any year in which we are a PFIC and the U.S. holder recognizes gain on a disposition of our ordinary shares or receives distributions with respect to our ordinary shares, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. holder's federal income tax return for that year. If our company were a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their tax advisers with respect to the ownership and disposition of our ordinary shares or ADSs, the consequences to them of an investment in a PFIC, any elections available with respect to our ordinary shares and the IRS information reporting obligations with respect to the ownership and disposition of our ordinary shares or ADSs.

U.S. Information Reporting and Back-up Withholding

Dividend payments with respect to our ordinary shares or ADSs and proceeds from the sale or other disposition of our ordinary shares or ADSs may be subject to information reporting to the IRS and possible U.S. backup withholding. Back-up withholding will not apply, however, to a U.S. holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from back-up withholding. U.S. holders who are required to establish their exempt status may be required to provide such certification on Internal Revenue Service ("IRS") Form W-9. U.S. holders should consult their tax advisors regarding the application of the U.S. information reporting and back-up withholding rules.

Back-up withholding is not an additional tax. Amounts withheld as back-up withholding may be credited against a U.S. holder's U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld under the back-up withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Information With Respect to Foreign Financial Assets

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their U.S. federal tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. If a U.S. holder does not include in such holder's gross income an amount relating to one or more specified foreign financial assets, and the amount such U.S. holder omits is more than $5,000, any tax such U.S. holder owes for the tax year can be assessed at any time within 6 years after the filing of such U.S. holder's federal tax return. U.S. holders who fail to report the required information could be subject to substantial penalties. U.S. holders are encouraged to consult with their own tax advisors regarding the possible application of the foregoing to our ordinary shares or ADSs in light of their particular circumstances.

Australian Tax Considerations

In this section, we discuss the material Australian income tax, stamp duty and goods and services tax considerations related to the acquisition, ownership and disposal by the absolute beneficial owners of the ordinary shares or ADSs.

It is based upon existing Australian tax law as of the date of this registration statement, which is subject to change, possibly retrospectively. This discussion does not address all aspects of Australian tax law which may be important to particular investors in light of their individual investment circumstances, such as shares held by investors subject to special tax rules (for example, financial institutions, insurance companies, superannuation funds, trusts or tax-exempt organizations). In addition, this summary does not discuss any foreign or state tax considerations, other than stamp duty.

Prospective investors are urged to consult their tax advisors regarding the Australian and foreign income and other tax considerations of the acquisition, ownership and disposition of the shares. Unless otherwise mentioned, this summary is based upon the premise that the holder is not an Australian tax resident holds their shares on capital account for Australian tax purposes, and is not carrying on business in Australia through a permanent establishment (referred to as a "Non-Australian Shareholder" in this summary).

Australian Income Tax

Nature of ADSs for Australian Taxation Purposes

Ordinary shares represented by ADSs held by a U.S. holder will be treated for Australian taxation purposes as held under a "bare trust" for such holder. Consequently, the underlying ordinary shares will be regarded as owned by the ADS holder for Australian income tax and capital gains tax purposes. Dividends paid on the underlying ordinary shares will also be treated as dividends paid to the ADS holder, as the person beneficially entitled to those dividends. Therefore, in the following analysis we discuss the tax consequences to Non-Australian Shareholders which, for Australian taxation purposes, will be the same as to U.S. holders of ADSs.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be "franked" to the extent of tax paid on company profits. Fully franked dividends are not subject to dividend withholding tax. Dividends payable to Non-Australian Shareholders will be subject to dividend withholding tax, to the extent the dividends are not declared to be conduit foreign income, or CFI, and are unfranked. Dividend withholding tax will be imposed at 30%, unless a shareholder is a resident of a country with which Australia has a double taxation agreement and qualifies for the benefits of the treaty. In accordance with the provisions of the Double Taxation Convention between Australia and the United States, the maximum rate of Australian withholding tax on any unfranked portion of a dividend to which a tax resident of the United States is beneficially entitled may be reduced to 15%, with a potential further reduction to 5% where the U.S. resident beneficially entitled to the dividends is a company which holds directly 10% or more of the voting power in our company. To rely on the Double Taxation Convention a U.S. tax resident must also be a "qualified person" within the meaning of the Double Taxation Convention. Shareholders seeking to rely on the Double Taxation Convention should obtain specialist taxation advice.

Tax on Sales or other Dispositions of Shares—Capital Gains Tax

Non-Australian Shareholders may disregard the whole of the capital gain or capital loss made on a sale or other disposal of ordinary shares, unless they, together with any associates (as defined in Australian tax law), hold 10% or more of our issued capital at the time of disposal or throughout a 12 months period during the 24 months prior to disposal.

Non-Australian Shareholders who own a 10% or more interest in the company, either alone or together with their associates, should be subject to Australian capital gains tax if more than 50% of the company's assets held directly or indirectly, determined by reference to market value of the assets at the time of sale, consists of Australian real property (which includes land and leasehold interests) or Australian mining, quarrying or prospecting rights. The Double Taxation Convention between the United States and Australia is unlikely to limit the amount of this taxable gain. Australian capital gains tax applies to net capital gains of foreign shareholders at the Australian tax rates for non-Australian residents, which start at a marginal rate of 32.5% for individuals (or a flat rate of 26%-30% (2021) & 25%-30% (2022) for companies, depending on the size of the company). Net capital gains of foreign shareholders are included in the taxpayer's assessable income and subject to income tax at the taxpayer's marginal tax rate. The marginal tax rates for non-Australian residents, start at 32.5% for individuals. The company tax rate is 30% which may be reduced to 25% for the year ended 30 June 2022 onwards for certain small businesses. Net capital gains are calculated by reducing the taxpayer's capital gains for the income year by its capital losses, which may only be offset against capital gains. Net capital losses may be carried forward to offset against capital gains derived in future income years. Specific loss recoupment rules apply to companies and trusts. These rules may, among other things, limit the ability to offset or obtain capital losses in a current or future income year. Shareholders should obtain specialist tax advice as to how these rules apply.

The 50% capital gains tax discount is not available to Non-Australian Shareholders. Companies are not entitled to a capital gains tax discount.

Broadly, where there is a disposal of certain taxable Australian property, the purchaser will be required to withhold and remit to the Australian Taxation Office ("ATO") 12.5% of the proceeds from the sale. A transaction is excluded from the withholding requirements in certain circumstances, including where the market value of the taxable Australian property is less than A$750,000, the transaction is an on-market transaction conducted on an approved stock exchange, the transaction is in a category of certain securities lending arrangements, or the transaction is conducted using an eligible broker operated crossing system. There is also an exception to the requirement to withhold where the entity selling the shares provides the purchaser a declaration covering a certain period specifying either that they are an Australian tax resident or that the shares are not taxable Australian property (specifically, not 'indirect Australian real property interests'). The Non-Australian Shareholder may be entitled to receive a tax credit for the tax withheld by the purchaser which they may claim in their Australian income tax return.

Tax on Sales or other Dispositions of Shares—Shareholders Holding Shares on Revenue Account

Some Non-Australian Shareholders may hold ordinary shares on revenue rather than on capital account for example, share traders, or those who hold their shares with a view to deriving a short term profit by selling their shares. These shareholders may have the gains made on the sale or other disposal of the ordinary shares and/or warrants included in their assessable income under the ordinary income provisions of the income tax law, if the income is derived directly or indirectly from Australian sources (which is a question of facts and circumstances generally requiring specialist tax advice).

Non-Australian Shareholders assessable under these ordinary income provisions should be subject to income tax in Australia starting at a marginal rate of 32.5% for individuals. The company tax rate is 30% which may be reduced to 25% for the year ended 30 June 2022 onwards for certain small businesses. Some relief from Australian income tax may be available to Non-Australian Shareholders under the Double Taxation Convention between the United States and Australia.

To the extent an amount would be included in a Non-Australian Shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount may be reduced, so that the shareholder may not be subject to double tax on any part of the income gain or capital gain.

Non-Australian Shareholders holding shares on revenue account should obtain advice on the application of the Australian income tax law and the Double Taxation Convention in determining the tax consequences of the disposal of their shares.

The comments above in "Tax on Sales or Other Dispositions of Shares—Capital Gains Tax" regarding a purchaser being required to withhold 12.5% tax on the acquisition of certain taxable Australian property equally applies where the disposal of the Australian real property asset by a foreign resident is likely to generate gains on revenue account, rather than a capital gain.

Dual Residency

If a shareholder is a resident of both Australia and the United States under those countries' domestic taxation laws, that shareholder may be subject to tax as an Australian resident. If, however, the shareholder is determined to be a U.S. resident for the purposes of the Double Taxation Convention between the United States and Australia, the Australian tax may be subject to limitation by the Double Taxation Convention (albeit the tie-breaker rules only apply for individuals). Shareholders should obtain specialist taxation advice in these circumstances.

Stamp Duty

No Australian stamp duty is payable by Australian residents or non-Australian residents on the issue, transfer and/or surrender of the ADSs or the ordinary shares in Kazia, provided that the shares issued, transferred and/or surrendered do not represent 90% or more of the issued shares in Kazia.

Australian Death Duty

Australia does not have estate or death duties. As a general rule, no capital gains tax liability is realized upon the inheritance of a deceased person's shares. The disposal of inherited shares by beneficiaries may, however, give rise to a capital gains tax liability if the gain falls within the scope of Australia's jurisdiction to tax.

Goods and Services Tax

The supply of ADSs or ordinary shares in Kazia will not be subject to Australian goods and services tax.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on Display

The Company is subject to the reporting requirements of the Exchange Act that are applicable to a foreign private issuer. Under the Exchange Act, the Company is required to file periodic reports and other information with the SEC. These materials, including this Annual Report and the exhibits hereto, may be inspected without charge and copied at established rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 to obtain information on the operation of the public reference room. Such materials can also be obtained at the SEC's website at www.sec.gov.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest rate risk

The Company's exposure to market interest rates relate primarily to the investments of cash balances. The Company has cash reserves held in both Australian dollars and U.S. dollars, and places funds on deposit with financial institutions for periods generally not exceeding three months.

Credit risk

The Company places its deposits with high credit quality financial institutions, and, by policy, limits the amount of credit exposure to any single counter-party. The Company is averse to principal loss and ensures the safety and preservation of its invested funds by limiting default risk, market risk and reinvestment risk. The Company mitigates default risk by depositing funds with only the safest and highest credit quality financial institutions and by constantly positioning its portfolio to respond appropriately to a significant reduction in a credit rating of any financial institution.

The Company has no interest rate exposure due to rate changes for long-term debt obligations. The Company primarily enters into debt obligations to support general corporate purposes, including capital expenditures and working capital needs. The Company does not consider the effects of interest rate movements to be a material risk to its financial condition.

For additional disclosure regarding interest rate risk see Item 18. "Financial Statements – Note 22 – Financial Instruments".

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises from future transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

As of 30 June 2022, the Company did not hold derivative financial instruments in managing its foreign currency, however, the Company may from time to time enter into hedging arrangements where circumstances are deemed appropriate. The Company used natural hedging to reduce the foreign currency risk, which involved processing USD payments from cash held in USD. Foreign subsidiaries with a functional currency of Australian Dollar ("AUD") have exposure to the local currency of these subsidiaries and any other currency these subsidiaries trade in.

For additional disclosure regarding market risk see Item 18. "Financial Statements – Note 22 – Financial Instruments".

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

The depositary for the Company's American Depositary Shares ("ADS") is the Bank of New York Mellon, located at 240 Greenwich Street, New York, NY 10286. The depositary collects its fees for delivery and surrender of American Depositary Shares ("ADSs") directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid. The depositary may collect any of its fees by deduction from any cash distribution payable to you that are obligated to pay those fees.

From time to time, the depositary may make payments to us to reimburse or share revenue from the fees collected from you, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

Persons depositing or withdrawing shares must pay:	**For:**
US$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US$.05 (or less) per ADS	• Any cash distribution to ADS registered holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS registered holders
US$.05 (or less) per ADSs per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of shares on the Company's share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	• As necessary

The Depositary may collect any of the fees by deduction from any cash distribution payable, or by selling a portion of any securities to be distributed, to holders that are obligated to pay those fees.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

This item is not applicable.

Item 14. Material Modifications to the Rights of Security Holders and the Use of Proceeds

This item is not applicable.

Item 15. Controls and Procedures

(a) Disclosure controls and procedures

At the end of the period covered by this Annual Report, the Company's management, with the participation of the Chief Executive Officer, the Director of Finance and Administration, and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, the Company's Chief Executive Officer, the Director of Finance and Administration, and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as at 30 June 2022.

(b) Management's annual report on internal controls over financial reporting

The management of Kazia Therapeutics Limited is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer, Director of Finance and Administration, and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of 30 June 2022, based on the criteria set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). Based on our evaluation under the criteria set forth in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as at June 2022.

Kazia Therapeutics Limited's internal control was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. Management also takes steps to ensure that information and communication flows are effective and monitor performance, including performance of internal control procedures.

Management assessed the effectiveness of the Company's internal control over financial reporting as at 30 June 2022. Based on this assessment, management concluded that the Company's internal control over financial reporting is effective as at 30 June 2022.

(c) Attestation Report of the Registered Public Accounting Firm

Not applicable.

(d) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

The Board of Directors has determined that Steven Coffey, qualifies as an "audit committee financial expert" as that term is defined in Item 16A of Form 20-F. Steven Coffey meets the independence requirements of the NASDAQ Capital Market and SEC's rules and regulations as he is a qualified Chartered Accountant and has spent over 30 years in public practice. He is also a registered company auditor.

Item 16B. Code of Ethics

The Company has adopted a Code of Ethics and Business Conduct (the "Code"). The Code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The Code confirms the Company's belief in treating all individuals with respect and recognises that different skills and diversity are essential to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the achievement and goals of the Company. The Code applies to all Company employees, including management and Directors. The Code is available on the Company's website www.kaziatherapeutics.com.

Item 16C. Principal Accounting Fees and Services

Grant Thornton Audit Pty Ltd ("GT") has audited the Company's annual financial statements acting as the independent registered public accounting firm for the fiscal years ended 30 June 2022 and 2021.

The table below set forth the total fees for services performed by GT in fiscal years 2022 and 2021, and summarizes these amounts by the category of service.

	2022 A$'000	2021 A$'000
Audit fees - Grant Thornton Audit Pty Ltd	181	151

Audit fees

The audit fees include the aggregate fees incurred in fiscal years 2022 and 2021 for professional services rendered in connection with the audit of the Company's annual financial statements and for related services that are reasonably related to the performance of the audit or services that are normally provided by the auditor in connection with regulatory filings of engagements for those financial years (including review of the Company's Annual Report on Form 20-F, consents and other services related to SEC matters).

Pre-approval policies and procedures

The Audit Committee Charter sets forth the Company's policy regarding the appointment of independent auditors. The Audit Committee Charter also requires the Audit Committee to review and approve in advance the appointment of the independent auditors for the performance of 100% of all audit services and, after taking into account the opinion of management, 100% of lawfully permitted non-audit services. The Audit Committee may delegate authority to one or more members of the Audit Committee where appropriate, but no such delegation is permitted if the authority is required by law, regulation or listing standard to be exercised by the Audit Committee as a whole.

Item 16D. Exemptions from the Listing Standards for Audit Committees

This item is not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

This item is not applicable.

Item 16F. Changes in registrant's Certifying Accountant

This item is not applicable.

Item 16G. Corporate Governance

Implications of Being a Foreign Private Issuer

We are also considered a "foreign private issuer." In our capacity as a foreign private issuer, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our ordinary shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

Exemptions from Certain Corporate Governance Rules of the NASDAQ Stock Market, LLC

Exemptions from the corporate governance standards of the NASDAQ Stock Market, LLC ("NASDAQ") are available to foreign private issuers such as Kazia when those standards are contrary to a law, rule or regulation of any public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer's country of domicile. In connection with Kazia's National Market Listing Application, NASDAQ granted Kazia exemptions from certain corporate governance standards that were contrary to the laws, rules, regulations or generally accepted business practices of Australia. These exemptions and the practices followed by Kazia are described below:

- Kazia is exempt from NASDAQ's requirement that each NASDAQ issuer shall require shareholder approval of a plan or arrangement in connection with the acquisition of the stock or assets of another company if "any director, officer or substantial shareholder of the issuer has a 5 percent or greater interest (or such persons collectively have a 10 percent or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction or series of related transactions and the present or potential issuance of common stock, or securities convertible into or exercisable for common stock, could result in an increase in outstanding common shares or voting power of 5 percent or more". Kazia is subject to Chapter 10 of the ASX listing rules, which requires shareholder approval for an acquisition from or disposal to a "related party" (including a director) or "substantial shareholder" (who is entitled to at least 10% of the voting securities) of "substantial assets". The Australian Corporations Act to which Kazia is also subject generally requires shareholder approval for a transaction with a director or director-controlled entity unless on arm's length terms.
- Nasdaq requirement under Rule 5620(c) that a quorum consist of holders of 33 1/3% of the outstanding ordinary shares — The ASX Listing Rules do not have an express requirement that each issuer listed on ASX have a quorum of any particular number of the outstanding ordinary shares, but instead allow a listed issuer to establish its own quorum requirements. Our quorum is currently three shareholders. We believe this quorum requirement is consistent with the requirements of the ASX and is appropriate and typical of generally accepted business practices in Australia.
- Nasdaq requirements under Rules 5605(b)(1) and (2) relating to director independence, including the requirements that a majority of the board of directors must be comprised of independent directors and that independent directors must have regularly scheduled meetings at which only independent directors are present — The Nasdaq and ASX definitions of what constitute an independent director are not identical and the requirements relating to the roles and obligations of independent directors are not identical. The ASX, unlike Nasdaq, permits an issuer to establish its own materiality threshold for determining whether a transaction between a director and an issuer affects the director's status as independent and it does not require that a majority of the issuer's board of directors be independent, as long as the issuer publicly discloses this fact. In addition, the ASX does not require that the independent directors have regularly scheduled meeting at which only independent directors are present. We believe that our Board composition is consistent with the requirements of the ASX and that it is appropriate and typical of generally accepted business practices in Australia.
- The requirement that our independent directors meet regularly in executive sessions under Nasdaq Listing Rules. The ASX Listing Rules and the Corporations Act do not require the independent directors of an Australian company to have such executive sessions.
- The Nasdaq requirements under Rules 5605(d) and 5605(e) that compensation of an issuer's officers must be determined, or recommended to the Board for determination, either by a majority of the independent directors, or a compensation committee comprised solely of independent directors, and that director nominees must either be selected, or recommended for the Board's selection, either by a majority of the independent directors, or a nominations committee comprised solely of independent directors. The Nasdaq compensation committee requirements are not identical to the ASX remuneration and nomination committee requirements. Issuers listed on the ASX are recommended under applicable listing standards to establish a remuneration committee consisting of a majority of independent directors and an independent chairperson, or publicly disclose that it has not done so. Kazia has, and expects to continue to have, a Remuneration and Nomination Committee consisting of three non-executive directors.
- The requirement prescribed by Nasdaq Listing Rules that issuers obtain shareholder approval prior to the issuance of securities in connection with certain acquisitions, private placements of securities, or the establishment or amendment of certain share option, purchase or other compensation plans. Applicable Australian law and the ASX Listing Rules differ from Nasdaq requirements, with the ASX Listing Rules providing generally for prior shareholder approval in numerous circumstances, including (i) issuance of equity securities exceeding 15% (or 25% under certain circumstances) of our issued share capital in any 12-month period (but, in determining the 15% limit, securities issued under an exception to the rule or with shareholder approval are not counted), (ii) issuance of equity securities to related parties (as defined in the ASX Listing Rules) and (iii) issuances of securities to directors or their associates under an employee incentive plan.

Item 16H. Mine Safety Disclosure

This item is not applicable.

PART III

Item 17. Financial Statements

Refer to "Item 18 – Financial Statements" below.

Item 18. Financial Statements

The financial statements filed as part of this Annual Report commencing on page F-1.

Item 19. Exhibits

(a) Exhibits

1.1	Constitution of Kazia Therapeutics Limited, as amended and restated on November 16, 2016 (incorporated by reference to Exhibit 1.1 to the Company's Annual Report on Form 20-F filed with the SEC on October 25, 2017 (File No. 0-29962)).
2.1	Deposit Agreement, dated as of June 6, 2016 among Novogen Limited, The Bank of New York, as Depositary, and owners and holders from time to time of ADSs issued thereunder (incorporated by reference to Exhibit 2.1 to the Company's Annual Report on Form 20-F filed with the SEC on October 27, 2016 (File No. 0-29962)).
4.1	Lease Agreement, dated November 1, 2015 between Coal Services Pty Limited and Novogen (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 20-F filed with the SEC on October 27, 2016 (File No. 0-29962)).
4.2	Employment Agreement for Chief Executive Officer of Novogen Limited, dated December 10, 2015 (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 20-F filed with the SEC on October 27, 2016 (File No. 0-29962)).
4.3	Employment Agreement for Director of Finance and Administration of Novogen Limited, dated as of July 3, 2017 (incorporated by reference to Exhibit 4.20 to the Company's Annual Report on Form 20-F filed with the SEC on October 25, 2017 (File No. 0-29962)).
4.4	Convertible Note Deed Poll with Triaxial Pty Ltd Noteholders dated December 6, 2012 (incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 20-F filed with the SEC on October 27, 2016 (File No. 0-29962)).
4.5	Amendment to Convertible Note Deed Poll with Triaxial Pty Ltd Noteholders dated December 4, 2014 (incorporated by reference to Exhibit 4.7 to the Company's Annual Report on Form 20-F filed with the SEC on October 27, 2016 (File No. 0-29962)).
4.6	Kazia Therapeutics Officers' and Employees' Share Option Plan (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 20-F filed with the SEC on October 27, 2016 (File No.0-29962)).
4.7	Share Sale Agreement dated October 31, 2016 between Kilinwata Investments Pty. Ltd., Mi Ok Chong, Paul Hopper and Novogen Limited (Incorporated by reference to Exhibit 4.11 to the Company's Annual Report on Form 20-F filed with the SEC on October 25, 2017 (File No. 0-29962)).
4.8	Exclusive License Agreement dated October 25, 2016 between Genentech, Inc. and Novogen Limited (incorporated by reference to Exhibit 4.12 to the Company's Annual Report on Form 20-F filed with the SEC on October 25, 2017 (File No. 0-29962)).

4.9	Sabio Solutions Pty Limited Letter of Appointment – Company Secretary, dated as of September 1, 2016 (incorporated by reference to Exhibit 4.17 to the Company's Annual Report on Form 20-F filed with the SEC on October 25, 2017 (File No. 0-29962)).
4.10	Sabio Solutions Pty Limited Contract Extension Letter, dated as of March 1, 2017 (incorporated by reference to Exhibit 4.18 to the Company's Annual Report on Form 20-F filed with the SEC on October 25, 2017 (File No. 0-29962)).
4.11	Sabio Solutions Pty Limited Contract Extension Letter, dated as of August 23, 2017 (incorporated by reference to Exhibit 4.19 to the Company's Annual Report on Form 20-F filed with the SEC on October 25, 2017 (File No. 0-29962)).
4.12	Investigator Initiated Clinical Trial Agreement between Kazia Therapeutics Limited and Dana-Farber/Partners Cancer Care Inc dated 17 October 2018 (incorporated by reference to Exhibit 4.12 to the Company's Annual Report on Form 20-F filed with the SEC on October 21, 2019).
4.13	Research Funding and Supply Agreement between Alliance for Clinical Trials in Oncology Foundation and Kazia Therapeutics Limited, dated 11 June 2019 (incorporated by reference to Exhibit 4.13 to the Company's Annual Report on Form 20-F filed with the SEC on October 21, 2019).
4.14	Master Clinical Trial Agreement between St Jude Children's Hospital Inc. and Kazia Laboratories Pty Limited dated 17 November 2017 and associated work order date 7 June 2019 (incorporated by reference to Exhibit 4.14 to the Company's Annual Report on Form 20-F filed with the SEC on October 21, 2019).
4.15	Memorial Sloan Kettering Cancer Center Investigator-Initiated Clinical Trial Agreement with Kazia Therapeutics Limited dated as 22 July 2019 (incorporated by reference to Exhibit 4.15 to the Company's Annual Report on Form 20-F filed with the SEC on October 22, 2020).
4.16	Investigator Initiated Clinical Trial Agreement with Kazia Therapeutics Limited Agreement dated as 18 September 2020 (incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 20-F filed with the SEC on October 22, 2020).
4.17	Global Coalition for Adaptive Research, ("GCAR") Clinical trial collaboration and supply agreement dated as 15 October 2020 (incorporated by reference to Exhibit 4.17 to the Company's Annual Report on Form 20-F filed with the SEC on October 22, 2020).
4.18	Development and Commercialisation Licence Agreement between Kazia Therapeutics Limited and Oasmia Pharmaceutical AB, dated March 1, 2021. (incorporated by reference to Exhibit 4.18 to the Company's Annual Report on Form 20-F filed with the SEC on October 7, 2021).
4.19	License Agreement between Kazia Therapeutics Limited and Simcere Pharmaceutical Co., Ltd., dated March 29, 2021 (incorporated by reference to Exhibit 4.19 to the Company's Annual Report on Form 20-F filed with the SEC on October 7, 2021).
4.20	License Agreement between Kazia Therapeutics Limited and Evotec (France) SAS, dated April 19, 2021.
4.21*✓	Employment agreement between Kazia Therapeutics Inc. and John Friend dated September 20, 2021.
4.22*✓	Employment agreement between Kazia Therapeutics Inc. and Karen Krumeich dated November 15, 2021.
8.1	Company Subsidiaries (incorporated by reference to Exhibit 8.1 to the Company's Annual Report on Form 20-F filed with the SEC on October 24, 2018 (File No. 0-29962)).
12.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
12.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
13.1*	Certification of Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Independent Registered Public Accounting Firm.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

✓ Certain confidential information in this exhibit was omitted by means of marking such information with brackets ("[***]") because the identified confidential information is not material and is the type that the registrant treats as private or confidential.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

KAZIA THERAPEUTICS LIMITED

/s/ James Garner

Dr James Garner
Managing Director and Chief Executive Officer

Date: October 17, 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Kazia Therapeuticals Limited

Opinion on the financial statements

We have audited the accompanying consolidated statements of financial position of Kazia Therapeutics Limited and subsidiaries (the "Company") as of June 30, 2022 and 2021, the related consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2022, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and negative cash flow from operations. These conditions, along with other matters as set forth in Note 2, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Intangible asset impairment (Note 2, 3, 13)

The Group carries in its statement of financial position intangible assets relating to:

- the Licensing Agreement, which grants the Group the right to develop and commercialise the paxalisib molecule; and
- the Licensing Agreement, which grants the Group the right to develop and commercialise the EVT801 molecule.

The paxalisib Licensing Agreement has a carrying value of $10,241,444, and the EVT801 Licensing Agreement has a carrying value of $9,808,208. These assets are amortised over the remaining life of the underlying patents at the acquisition date, being 15 years and 12.5 years respectively.

IAS 36 *Impairment of Assets* requires an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. The entity shall estimate the asset's recoverable amount if any indication exists.

This is a critical audit matter due to the materiality of the amounts and the high degree of management judgement required to assess whether there are impairment indicators.

Our procedures included, amongst others:

- obtained an understanding of and evaluating management's process and controls relating to the assessment of the existence of impairment indicators;
- obtained and assessed management's papers documenting its consideration of the existence of any impairment indicators; as well as making enquiries with the Company's experts for their expert opinions relating to the science;
- considered each of the internal and external factors outlined by IAS 36 and assessing whether any indicators of impairment are present; and
- assessed the adequacy of the relevant disclosures in the financial statements.

Contingent consideration (Note 2, 3, 16)

In 2017, the consolidated entity acquired the rights to develop and commercialise paxalisib, as part of a business combination.

As part of that transaction, the Company engaged an expert to perform purchase price accounting, determine the fair value of the intangible asset acquired in the business combination, and estimate the value of contingent consideration based on the likelihood of achieving certain milestones. The total contingent consideration in respect of paxalisb is $1,167,536.

In 2021, Kazia entered into a worldwide exclusive licensing agreement with Evotec SE to develop the drug candidate EVT801. As part of this agreement, contingent fees are payable on achieving certain milestones. The total contingent consideration in respect of EVT801 is $8,347,245.

The contingent consideration is a critical audit matter due to the high subjectivity and management judgement involved in calculating the contingent consideration and the materiality of the amounts in question.

Our procedures included, amongst others;

- obtained an understanding of and evaluating management's process and controls related to the estimation of the liability;
- evaluated the competence, capabilities and objectivity of management's experts;
- obtained management's calculation of the contingent consideration liability and assessing the key inputs and assumptions made by management's experts;
- where management's assumptions are applied to other critical accounting estimates, such as the valuation of intangible assets described above, assessed whether those assumptions have been applied consistently across estimates;
- assessed the accuracy of the calculations and evaluating the approach and methodology for consistency;
- evaluated the appropriate classification of the liabilities between current and non-current; and
- assessed the adequacy of the relevant disclosures in the financial statements.

/s/ Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD

We have served as the Company's auditor since 2012.

Sydney, Australia
October 14, 2022
PCAOB ID NO. 2233

Consolidated statements of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 A$'000	2021 A$'000	2020 A$'000
Revenue from continuing operations	5	—	15,183	—
Other income	6	25	2	995
Finance income — bank interest		2	42	66
Expenses				
Research and development expense		(20,252)	(14,541)	(9,494)
General and administrative expense		(4,512)	(7,022)	(3,690)
Fair value losses on financial assets at fair value through profit or loss		—	—	(168)
Loss on revaluation of contingent consideration		(152)	(2,570)	(474)
Commercialisation		(127)	—	—
Loss before income tax expense from continuing operations		(25,016)	(8,906)	(12,765)
Income tax benefit	8	368	484	298
Loss after income tax expense for the year		(24,648)	(8,422)	(12,467)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Net exchange difference on translation of financial statements of foreign controlled entities, net of tax		35	2	(4)
Other comprehensive income for the year, net of tax		35	2	(4)
Total comprehensive income for the year		**(24,613)**	**(8,420)**	**(12,471)**
Loss for the year is attributable to:				
Owners of Kazia Therapeutics Limited		(24,648)	(8,422)	(12,467)
Total loss for the year		(24,648)	(8,422)	(12,467)
Total comprehensive income for the year is attributable to:				
Owners of Kazia Therapeutics Limited		(24,613)	(8,420)	(12,471)
Total comprehensive income for the year		**(24,613)**	**(8,420)**	**(12,471)**

The above consolidated statements of profit or loss or other comprehensive income should be read with the accompanying notes

Consolidated statements of profit or loss and other comprehensive income (continued)
For the year ended 30 June 2022

	Note	2022 A$ Cents	2021 A$ Cents	2020 A$ Cents
Earnings per share for loss from continuing operations attributable to the owners of Kazia Therapeutics Limited				
Basic earnings per share	32	(18.61)	(7.16)	(17.07)
Diluted earnings per share	32	(18.61)	(7.16)	(17.07)

	Note	2022 A$ Cents	2021 A$ Cents	2020 A$ Cents
Earnings per share for loss attributable to the owners of Kazia Therapeutics Limited				
Basic earnings per share	32	(18.61)	(7.16)	(17.07)
Diluted earnings per share	32	(18.61)	(7.16)	(17.07)

Consolidated statements of financial position
As at 30 June 2022

	Note	2022 A$'000	2021 A$'000
Assets			
Current assets			
Cash and cash equivalents	9	7,361	27,587
Trade and other receivables	10	91	84
Other	12	156	1,720
Total current assets		**7,608**	**29, 391**
Non-current assets			
Trade and other receivables	11	7,300	6,694
Intangibles	13	20,050	22, 003
Total non-current assets		**27,350**	**28,697**
Total assets		**34,958**	**58,088**
Liabilities			
Current liabilities			
Trade and other payables	14	3,760	4, 933
Employee benefits	15	166	229
Contingent consideration	16	759	3,165
Total current liabilities		**4,685**	**8,327**
Non-Current liabilities			
Deferred tax	17	2,560	2,928
Employee benefits	15	319	55
Contingent consideration	16	8,756	8,927
Total non-current liabilities		**11,635**	**11,910**
Total liabilities		**16,320**	**20,237**
Net assets		**18,638**	**37,851**
Equity			
Contributed equity	18	84,480	80,290
Other contributed equity	19	—	464
Reserves	20	2,412	1,301
Accumulated losses		(68,254)	(44,204)
Equity attributable to the owners of Kazia Therapeutics Limited		**18,638**	**37,851**
Total equity		**18,638**	**37,851**

The above consolidated statements of financial position should be read with the accompanying notes

Statements of changes in equity
For the year ended 30 June 2022

	Contributed equity A$'000	Other Contributed equity A$'000	Reserves A$'000	Accumulated Losses A$'000	Non-controlling Interest A$'000	Total equity A$'000
Balance at 1 July 2019	36,642	464	2,037	(24,948)	—	14,195
Loss after income tax expense for the year	—	—	—	(12,467)	—	(12,467)
Other comprehensive income for the year, net of tax	—	—	(4)	—	—	(4)
Total comprehensive income for the year	—	—	(4)	(12,467)	—	(12,471)
Transactions with owners in their capacity as owners:						
Share issue costs	(833)	—	—	—	—	(833)
Transfers	—	—	—	—	—	—
Conversion of convertible note	—	—	—	—	—	—
Share based payment	—	—	262	—	—	262
Issue of shares	12,972	—	—	—	—	12,972
Expired options	—	—	(1,230)	1,230	—	—
Balance at 30 June 2020	48,781	464	1,066	(36,186)	—	14,125

	Contributed equity A$'000	Other Contributed equity A$'000	Reserves A$'000	Accumulated Losses A$'000	Non-controlling Interest A$'000	Total equity A$'000
Balance at 1 July 2020	48,781	464	1,066	(36,186)	—	14,125
Loss after income tax expense for the year	—	—	—	(8,422)	—	(8,422)
Other comprehensive income for the year, net of tax	—	—	2	—	—	2
Total comprehensive income for the year	—	—	2	(8,422)	—	(8,420)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	32,909	—	—	—	—	32,909
Share issue costs	(1,673)	—	—	—	—	(1,673)
Transfers	—	—	—	—	—	—
Conversion of convertible note	—	—	—	—	—	—
Share based payment	—	—	637	—	—	637
Issue of shares	273	—	(80)	80	—	273
Expired options	—	—	(323)	323	—	—
Balance at 30 June 2021	80,290	464	1,301	(44,204)	—	37,851

	Contributed equity A$'000	Other Contributed equity A$'000	Reserves A$'000	Accumulated Losses A$'000	Non-controlling Interest A$'000	Total equity A$'000
Balance at 1 July 2021	80,290	464	1,301	(44,204)	—	37,851
Loss after income tax expense for the year	—	—	—	(24,648)	—	(24,648)
Other comprehensive income for the year, net of tax	—	—	35	—	—	35
Total comprehensive income for the year	—	—	35	(24,648)	—	(24,613)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 18)	4,202	—	—	—	—	4,202
Share issue costs (note 18)	(493)	—	—	—	—	(493)
Immaterial reclassification	—	—	(433)	433	—	—
Share based payment (note 33)	—	—	1,674	—	—	1,674
Issue of shares on exercise of options	17	—	(6)	6	—	17
Conversion of convertible note (note 19)	464	(464)	—	—	—	—
Expired options	—	—	(159)	159	—	—
Balance at 30 June 2022	84,480	—	2,412	(68,254)	—	18,638

The above consolidated statements of changes in equity should be read with the accompanying notes

Consolidated statements of cash flows
For the year ended 30 June 2022

	Note	2022 A$'000	2021 A$'000	2020 A$'000
Cash flows from operating activities				
Loss before income tax expense for the year		(24,648)	(8,422)	(12,467)
Adjustments for:				
Depreciation and amortisation	7	1,953	1,265	1,084
Share-based payments		1,675	637	262
Foreign exchange differences		(1,789)	430	—
Loss/(gain) on contingent consideration	16	152	2,570	474
Fair value loss on financial assets		—	—	168
		(22,657)	**(3,520)**	**(10,479)**
Change in operating assets and liabilities:				
Increase in trade and other receivables		(6)	(5,027)	358
Increase/(decrease) in prepayments		1,564	(1,182)	(168)
Increase/(decrease) in trade and other payables		(1,495)	1,010	1,722
Increase/(decrease) in other provisions		201	93	55
Decrease in deferred tax liability		(368)	(484)	(298)
Net cash used in operating activities	31	**(22,761)**	**(9,111)**	**(8,810)**
Cash flows from investing activities				
Payment of milestone relating to contingent consideration		(2,365)	—	—
Net cash used in investing activities		(2,365)	—	—
Cash flows from financing activities				
Proceeds from issue of shares	18	3,726	28,109	12,139
Net cash from financing activities		**3,726**	**28,109**	**12,139**
Net decrease in cash and cash equivalents		(21,401)	18,998	3,329
Cash and cash equivalents at the beginning of the financial year		27,587	8,764	5,434
Effects of exchange rate changes on cash		1,175	(175)	—
Cash and cash equivalents at the end of the financial year	9	**7,361**	**27,587**	**8,764**

The above consolidated statements of changes in equity should be read with the accompanying notes

Notes to the financial statements
30 June 2022

Note 1. General information

The financial statements cover Kazia Therapeutics Limited as a consolidated entity consisting of Kazia Therapeutics Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Kazia Therapeutics Limited's functional and presentation currency.

Kazia Therapeutics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Three International Towers
Level 24, 300 Barangaroo Avenue
Sydney NSW 2000

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 October 2022. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations is that none are deemed to have a material impact on the entity.

Going concern

The consolidated entity incurred a loss after income tax of $24,647,815 (2021: $8,421,960), was in a net current asset position of $2,923,084 (2021: net current asset position of $21,064,264) and had net cash outflows from operating activities of $22,762,663 (2021: $9,110,516) for the year ended 30 June 2022.

As at 30 June 2022 the consolidated entity had cash in hand and at bank of $7,361,112.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. As is often the case with drug development companies, the ability of the consolidated entity to continue its development activities as a going concern is dependent upon it deriving sufficient cash from investors, from licensing and partnering activities, and from other sources of revenue such as grant funding.

The directors have considered the cash flow forecasts and the funding requirements of the business and continue to explore grant funding, licensing opportunities and equity investment opportunities in the Company. The directors do not foresee any other impacts of COVID-19 on the Company's ability to pursue its objectives.

Note 2. Significant accounting policies (continued)

An ‘at-the-market’ equity program (ATM) with Oppenheimer & Co. Inc. (Oppenheimer), as sales agent was established in May 2022. Under the ATM, Kazia may offer and sell via Oppenheimer up to US$ 35 million of its ordinary shares, in the form of American Depository Shares (ADSs), with each ADS representing ten ordinary shares. Kazia entered into an Equity Distribution Agreement, dated as of 22 April 2022 (the Sales Agreement), with Oppenheimer, who will act as sales agent.

Accordingly the directors have prepared the financial statements on a going concern basis. Should the above assumptions not prove to be appropriate, there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (‘IASB’).

The financial statements have been prepared on an accruals basis and under the historical cost conventions, except for listed equity investments which are carried at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kazia Therapeutics Limited (‘company’ or ‘parent entity’) as at 30 June 2022 and the results of all subsidiaries for the year then ended. Kazia Therapeutics Limited and its subsidiaries together are referred to in these financial statements as the ‘consolidated entity’.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 2. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference is between the consideration transferred and the book value.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The CODM is considered to be the Board of Directors.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation is disposed of.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Note 2. Significant accounting policies (continued)

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. The Group's investments in equity instruments and derivatives fall under this category.

Impairment of financial assets

IFRS 9's new impairment model uses more forward looking information to recognize expected credit losses—the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk. The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Note 2. Significant accounting policies (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities comprise trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Compound financial instruments

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method, whereas the equity component is not remeasured. Interest, gains and losses relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised using a five step approach in accordance with IFRS 15 Revenue from Contracts with Customers to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Distinct promises within the contract are identified as performance obligations. The transaction price of the contract is measured based on the amount of consideration the consolidated entity expects to be entitled to from the customer in exchange for services. Factors such as requirements around variable consideration, significant financing components, noncash consideration, or amounts payable to customers also determine the transaction price. The transaction is then allocated to separate performance obligations in the contract based on relative standalone selling prices. Revenue is recognised when, or as, performance obligations are satisfied, which is when control of the promised service is transferred to the customer. Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue. Amounts expected to be recognised as revenue within the 12 months following the balance sheet date are classified within current liabilities. Amounts not expected to be recognised as revenue within the 12 months following the balance sheet date are classified within non-current liabilities.

The consolidated entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its consolidated statement of financial position. Similarly, if the consolidated entity satisfies a performance obligation before it receives the consideration, the consolidated entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Licensing revenues, including milestone revenue

Revenue from licensees of the consolidated entity's intellectual property reflects the transfer of a right to use the intellectual property as it exists at the point in time in which the licence is transferred to the customer.

Licensing agreements are examined to determine whether they contain additional performance obligations, over and above the right to use the intellectual property. To the extent that additional performance obligations exist, the transaction price the consolidated entity expects to receive for the contract is allocated to the separate performance obligations.

The receipt of milestone payments is often contingent on meeting certain clinical, regulatory or commercial targets, and is therefore considered variable consideration. The transaction price of the contingent milestone is estimated using the most likely amount method. Within the transaction price, the price associated with a contingent milestone is included only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Milestone payments that are not within the control of the Group, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are achieved.

Note 2. Significant accounting policies (continued)

Finance Income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant Income

Grants from governments are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to operating costs are recognised in the Statements of Comprehensive Income as grant income. A New South Wales Export Development Grant was received in the current financial year.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Kazia Therapeutics Limited (the 'parent entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. Kazia Therapeutics Limited as the parent entity discloses all of the deferred tax assets of the tax consolidated group in relation to tax losses carried forward (after elimination of inter-group transactions). The tax consolidated group has applied the 'separate taxpayer in the group' allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

As the tax consolidation group continues to generate tax losses there has been no reason for the company to enter a tax funding agreement with members of the tax consolidation group.

Note 2. Significant accounting policies (continued)

Interpretation 23 Uncertain tax positions

Interpretation 23 clarified the application of the recognition and measurement criteria IAS 12 Income Taxes where there is uncertainty over income tax treatments and requires an assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses and unused tax credits or tax rates. The amount is determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Management believes that historical tax losses are not expected to be available for offset against the deferred tax liability at 30 June 2022.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Leases

Under IFRS 16, leases are accounted for as follows:

- Right-of-use assets and lease liabilities are recognised in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- Depreciation on right-of-use assets and interest on lease liabilities are recognised in the consolidated statement of profit or loss; and
- The total amount of cash paid under lease arrangements is separated into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives under IFRS 16 are recognised as part of the measurement of right-of-use assets and lease liabilities.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Note 2. Significant accounting policies (continued)

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the consolidated entity has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16 Leases. This expense is presented within other expenses in the consolidated statement of profit or loss.

Intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired as part of a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Amortisation expense is included in research and development expenditure.

Licensing agreement for paxalisib

The Licensing Agreement asset was initially brought to account at fair value, and is being amortised on a straight-line basis over the period of its expected benefit, being the remaining life of the patent, which was 15 years from the date of acquisition.

Licensing agreement for EVT801

The Licensing agreement asset was initially brought to account at cost and is being amortised on a straight-line basis over the period of its expected benefit, being the remaining life of the patent, which was 12.5 years from the date of acquisition.

Impairment of non-financial assets

Non-financial assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2. Significant accounting policies (continued)

Defined contribution superannuation expense

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

Share-based payments

Equity-settled share-based compensation benefits are provided to employees under the terms of the Employee Share Option Plan ('ESOP') and consultants as compensation for services performed.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The value of the instruments is measured by reference to the fair value of the underlying instruments on grant date, as required by IFRS2 Share-Based Payments. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

Note 2. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options, including share based payments relating to the issue of shares are, shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Kazia Therapeutics Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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

Goods and Services Tax (‘GST’) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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

Note 2. Significant accounting policies (continued)

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed as follows:

Research and development expenses

The Directors do not consider the development programs to be sufficiently advanced to reliably determine the economic benefits and technical feasibility to justify capitalisation of development costs. These costs have been recognised as an expense when incurred.

Research and development expenses relate primarily to the cost of conducting human clinical and pre-clinical trials. Clinical development costs are a significant component of research and development expenses. Estimates have been used in determining the expense liability under certain clinical trial contracts where services have been performed but not yet invoiced. Generally the costs, and therefore estimates, associated with clinical trial contracts are based on the number of patients, drug administration cycles, the type of treatment and the outcome being measured. The length of time before actual amounts can be determined will vary depending on length of the patient cycles and the timing of the invoices by the clinical trial partners.

Clinical trial expenses

The timing of payment for work conducted under clinical trials often bears little relation to the timing of the work effort. Detailed estimates are made to determine the amount of work effort expended during a reporting period in order to determine the appropriate expense to be recognised, with the resulting prepayments or un-invoiced amounts being recognised as a prepayment or an accrual respectively.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Acquisition of intangible assets

The consolidated entity has applied judgement in determining the accounting treatment for the acquisition of the License agreement for EVT801. The License agreement has been determined to be a stand alone transaction, independent from any other agreements which have been or may be entered into with Evotec (France) SAS. Management has also made the decision to account for the cost of the asset conferred by the License agreement on the basis of the milestones that are probable of being payable, that is, those for which there is judged to be a probability of greater than 50% that the milestone will be triggered.

Contingent consideration

Contingent consideration relates to the intangible assets acquired, and the fair value of contingent consideration is dependent on the key assumptions used in accounting for the acquisition of those intangible assets. These assumptions include the probability of milestones occurring, and can also include the anticipated timing of settlement and discount rates used.

In the case where contingent consideration is recognised on the basis that the liability is probable of occurring, judgement is used in determining which milestones are considered probable of being triggered.

Intangible assets available for use

The consolidated entity has exercised judgement in determining that its intangible assets, being license agreements, have a finite life and are available for use once acquired. As the business model is to acquire such assets and then develop them to generate returns from future license transactions or other means, management have determined that the assets are available for use from the time that they are acquired. In each case the prima facie useful life is the remaining life of the patent over the asset, unless other factors over-ride this assessment.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. Judgement is used to determine whether any indicators of impairment exist, and reference is made to the considerations included in IAS 36 Impairment of Assets in this assessment. If an impairment trigger is found to exist, the recoverable amount of the asset is determined.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity operates in the pharmaceutical research and development business. There are no operating segments for which discrete financial information exists.

The information reported to the CODM, on at least a quarterly basis, is the consolidated results as shown in the statement of profit or loss and other comprehensive income and statement of financial position.

Note 5. Revenue

	Consolidated		
	2022 A$'000	2021 A$'000	2020 A$'000
Licensing revenue	—	15,183	—

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated		
	2022 A$'000	2021 A$'000	2020 A$'000
Geographical regions			
China	—	10,006	—
Sweden	—	5,177	—
	—	15,183	—
Timing of revenue recognition			
Licensing revenue at a point in time	—	15,183	—

During fiscal year 2021, the company recognized a total of US$11 million in accordance with the terms of the company's license agreements with Oasmia Pharmaceutical AB and Simcere Pharmaceutical Group LTD. The terms of the license agreements are described in the following paragraphs.

License Agreement with Oasmia Pharmaceutical AB

In March 2021, the company entered into an exclusive worldwide license agreement with Oasmia Pharmaceutical AB, an innovation-focused specialty pharmaceutical company, for Cantrixil (TRX-E-002-1), a clinical stage drug candidate for the treatment of ovarian cancer. During fiscal 2021, Oasmia made an upfront payment of US$4 million with contingent milestones of up to US$42 million and double-digit royalties on commercial sales.

License Agreement with Simcere Pharmaceutical Group Ltd.

In March 2021, the company entered into a licensing agreement with Simcere Pharmaceutical Group LTD. to develop and commercialise the company's investigational drug candidate, paxalisib, in Greater China. Under the terms of the agreement, Simcere assumed responsibility for the development, registration and commercialization of paxalisib in Greater China (a territory that includes Mainland China, Hong Kong, Macau and Taiwan). The company received an upfront payment of US$11 million comprising US$7 million in cash and a US$4 million equity investment, priced at a 20% premium to recent trading. The company will also receive contingent milestone payments of up to US$281 million for glioblastoma, with further milestones payable for indications beyond glioblastoma. Simcere will additionally pay mid-teen percentage royalties on commercial sales.

During fiscal year 2022, the company did not recognise revenue from either license agreements described in the above paragraphs in accordance with the terms of the agreements and revenue recognition policy in accordance with note 2.

Note 6. Other income

	Consolidated		
	2022 A$'000	2021 A$'000	2020 A$'000
Net foreign exchange gain	—	—	5
Payroll tax rebate	—	2	2
Subsidies and grants	10	—	20
Bad debt recovery	15		
Research and development rebate	—	—	968
Other income	25	2	995

Note 7. Expenses

	Consolidated		
	2022 A$'000	2021 A$'000	2020 A$'000
Loss before income tax includes the following specific			
Research and development			
EVT-801 program costs	2,520	1,073	—
Cantrixil program costs	12	429	1,673
Paxalisib program costs	13,713	11,404	5,801
Employee benefits expense			
- salaries & wages and staff benefits	1,664	336	861
- superannuation	25	26	43
- share based payments	365	8	32
Total research & development (excluding amortisation)	18,299	13,276	8,410
Amortisation			
Paxalisib licensing agreement	1,084	1,084	1,084
Evotech licensing agreement	869	181	—
Total amortisation	1,953	1,265	1,084
Total research & development	20,252	14,541	9,494
Net foreign exchange loss			
Net foreign exchange loss	—	430	—
Rental expense relating to operating leases			
Minimum lease payments	73	93	108
Superannuation expense			
Defined contribution superannuation expense	138	138	140
Employee benefits expense G&A			
- salaries & wages and staff benefits	1,674	1,011	1,078
- superannuation	129	112	96
- share based payments	1,310	552	230
Total employee benefits expense G&A	3,113	1,675	1,404
Other Expenses			
Chinese With-Holding Tax incurred on license transaction	—	931	—
Chinese Value Added Tax incurred on license transaction	—	538	—
	—	1,469	—

Note 8. Income tax benefit/expense

	2022 A$'000	2021 A$'000	2020 A$'000
Numerical reconciliation of income tax benefit and tax at the statutory rate			
Loss before income tax benefit	(25,016)	(8,906)	(12,765)
Tax at the statutory tax rate of 25% (2021 26% & 2020 27.5%)	(6,254)	(2,316)	(3,511)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Research and Development claim	—	—	280
Amortisation of intangibles	488	348	298
Employee option plan	419	175	72
Gain/loss on revaluation of contingent consideration	38	707	131
	(5,309)	(1,086)	(2,730)
Adjustment recognised for prior periods	16		
Adjustment to deferred tax balances as a result of change in statutory tax rate	(113)	(186)	—
Tax losses and timing differences not recognised	5,038	788	2,432
Income tax benefit	(368)	(484)	(298)

	2022 A$'000	2021 A$'000	2020 A$'000
Tax losses not recognised			
Unused tax losses for which no deferred tax asset has been recognised-Australia	96,069	70,896	67,430,
Potential tax benefit @ 25.0% (2021 26% 2020 27.5%)- Australia	24,017	17,724	17,531
Unused tax losses for which no deferred tax asset has been recognised-US	2,380	2,038	1,570
Potential tax benefit at statutory tax rates@21%-US	500	428	330

Note 9. Current assets - cash and cash equivalents

	2022 A$'000	2021 A$'000
Cash at bank and on hand	7,361	21,087
Short-term deposits	—	6,500
	7,361	27,587

Note 10. Trade and other receivables

	2022 A$'000	2021 A$'000
Current assets	0	—
	0	—
Other receivables	51	76
Deposits held	40	8
	91	84

Note 11. Trade and other receivables - non-current

	2022 A$'000	2021 A$'000
Non-current assets		
GBM Agile deposit	7,258	6,651
Corporate credit card deposit	42	43
	7,300	6,694

The GBM Agile deposit was advanced to GCAR at the start of the GBM Agile trial, and is refundable if not utilised against trial expenses. The amount will be allocated against expenditure towards the latter end of the trial.

Note 12. Other assets

Current assets

	2022 A$'000	2021 A$'000
Prepayments	156	1,720

Note 13. Intangibles

Non-current assets

	Consolidated 2022 A$'000	2021 A$'000
Licensing agreement - Paxalisib	16,408	16,408
Less: Accumulated amortisation	(6,167)	(5,082)
	10,241	11,326
Licensing agreement - EVT-801	10,858	10,858
Less: Accumulated amortisation	(1,049)	(181)
	9,809	10,677
	20,050	22,003

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	EVT801 licensing agreement A$'000	Paxalisib licensing agreement A$'000	Total A$'000
Balance at 1 July 2020	—	12,410	12,410
Additions	10,858		10,858
Amortisation expense	(181)	(1,084)	(1,265)
Balance at 30 June 2021	10,677	11,326	22,003
Amortisation expense	(869)	(1,084)	(1,953)
Balance at 30 June 2022	9,808	10,242	20,050

Note 14. Trade and other payables

	2022 A$'000	2021 A$'000
Trade payables	1,524	1,893
Accrued payables	2,236	3,040
	3,760	4, 933

Refer to note 22 for further information on financial instruments.

Note 15. Employee benefits

	2022 A$'000	2021 A$'000
Current Liabilities		
Employee benefits	166	229
Non-Current Liabilities		
Employee benefits	202	—
Long service leave	117	55
	485	284

Note 16. Contingent consideration

	2022 A$'000	2021 A$'000
Current Liabilities		
Contingent consideration – EVT801	759	3,165
	759	3,165
Non-current Liabilities		
Contingent consideration - paxalisib	1,168	1,015
Contingent consideration – EVT801	7,588	7,911
	8,756	8,927
	9,515	12,091

Reconciliations

Reconciliation of the balance at the beginning and end of the reporting period is set out below:

	Consolidated 2022 $	2021 $
Contingent consideration at start of period	12,091	1,845
EVT801 acquisition	—	11,076
Payment of paxalisib milestone	—	(3,400)
Payment of EVT801 milestone	(2,364)	—
Effect of exchange rates on contingent consideration	(364)	—
Loss on revaluation of contingent consideration	152	2,570
	9,515	12,091

Contingent consideration - paxalisib

During the 2017 financial year, the consolidated entity acquired the rights to develop and commercialise paxalisib, as part of a business combination.

The acquisition contained four contingent milestone payments, the first two milestone payment settlements being Kazia shares, and the third and fourth milestone payment settlements either cash or Kazia shares at the discretion of Kazia. Milestones 1 and 4 have now been paid out, and Milestone 3 has lapsed. Milestone 2 comprises shares to the value of $1,250,000.

Each milestone payment is probability weighted for valuation purposes. The milestone payments are discounted to present value, using a discount rate of 15% per annum (15% - 2021). Kazia is also required to pay royalties to Genentech in relation to net sales. These payments are related to future financial performance, and are not considered as part of the consideration in relation to the Genentech agreement.

In April 2022 the paxalisib Phase II clinical study was successfully completed and a final clinical study report received.

Contingent consideration - EVT801

As set out in note 2, the acquisition of EVT801 has been accounted at cost as a separately acquired intangible asset with milestones where the payment is considered probable being booked as a current or non-current liability at year end, according to the estimated payment date. Milestones where the payment is not considered probable at year end have not been accounted for as a liability. The total amount of milestone payments not booked at year end amounts to €300,500,000 ($456,063,136).

Note 17. Deferred tax

	2022 A$'000	2021 A$'000
Non-current Liabilities		
Deferred tax liability associated with Licensing Agreement	2,560	2,928

Company management has completed an analysis of the availability of historical tax losses to offset the deferred tax liability. Accordingly, the company concludes that the historical tax losses are not expected to be available for offset against the deferred tax liability.

Note 18. Equity - contributed equity

	Consolidated			
	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	138,755,376	132,012,209	84,480,249	80,290,062

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2020	94,598,369		48,781,214
Issued on conversion of options	28 August 2020	25,000	$ 0.4930	12,313
Institutional placement under ANREO	12 October 2020	20,525,820	$ 0.8000	16,420,656
Retail placement under ANREO	26 October 2020	11,017,075	$ 0.8000	8,813,660
Issued on conversion of options	2 March 2021	391,500	$ 0.6350	248,661
Issued on conversion of options	15 March 2021	25,000	$ 0.4930	12,313
Share placement	28 April 2021	3,037,580	$ 1.4070	4,274,633
Issued on achievement of milestone	21 May 2021	2,391,865	$ 1.4210	3,400,000
Less: share issue transaction costs		—	$ 0.0000	(1,673,388)
Balance	30 June 2021	132,012,209		80,290,062
Issued on conversion of options	15 December 2021	25,000	$ 0.6680	16,700
Conversion of Triaxial Convertible Note	5 May 2022	1,855,357	$ 0.2500	464,000
ATM issue of shares No. 1	24 May 2022	10,000	$ 0.8260	8,256
ATM issue of shares No. 2	2 June 2022	10,000	$ 0.8020	8,025
ATM issue of shares No. 3	6 June 2022	88,710	$ 0.8370	74,258
ATM issue of shares No. 4	9 June 2022	603,500	$ 0.8400	507,035
ATM issue of shares No. 5	14 June 2022	75,940	$ 0.8240	62,583
ATM issue of shares No. 6	15 June 2022	2,000	$ 0.8300	1,661
ATM issue of shares No. 7	20 June 2022	4,072,660	$ 0.8690	3,540,403
Less: share issue transaction costs		—	$ 0.0000	(492,734)
Balance	30 June 2022	138,755,376		84,480,249

Note 18. Equity - contributed equity (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders. The overall strategy of the consolidated entity is to continue its drug development programs, which depends on raising sufficient funds, through a variety of sources including issuing of additional share capital, as may be required from time to time.

The capital risk management policy remains unchanged from the prior year.

Note 19. Equity - Other contributed equity

	2021 A$'000	2020 A$'000
Convertible note - Triaxial	—	464

On 4 December 2014, the consolidated entity and the convertible note holder ('Triaxial') signed a Convertible Note Deed Poll ('Deed') which superseded the precedent Loan Agreement between Triaxial shareholders and the consolidated entity. The Deed extinguishes the liability created by the Loan Agreement and provides that the Convertible Notes will convert into a pre-determined number of ordinary shares on the achievement of defined milestones established in the schedule of the Deed. Accordingly the convertible note has been reclassified as an equity instrument rather than debt instrument.

During the Financial year ended 30 June 2017, the Company reached two milestones triggering the conversion of a portion of its convertible note as follows:

- On 11 August 2016, the Company announced the submission of an IND application. On 10 September 2016, the Company received a letter from the FDA advising the study may proceed triggering conversion of 20,000,000 ordinary shares.
- On 31 October 2016, the Company announced it had licensed a Phase II ready molecule triggering the conversion of 16,000,000 ordinary shares.

During the financial year ended 30 June 2018, a portion of the convertible notes was extinguished.

On 21 April 2022 the completion of the phase II study of paxalisib in glioblastoma (NCT03522298) was announced and on 5 May 2022 the remaining portion of the convertible note was extinguished and converted to 1,855,357 ordinary shares.

Note 20. Equity - reserves

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and executive directors as part of their remuneration, and other parties as part of their compensation for services.

Note 21. Equity - dividends

Dividends

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

Note 22. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage the different types of risks to which it is exposed. These methods include monitoring the levels of exposure to interest rates and foreign exchange, ageing analysis and monitoring of specific credit allowances to manage credit risk, and, rolling cash flow forecasts to manage liquidity risk.

Market risk

Foreign currency risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars ('USD'). Foreign exchange risk arises from future transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

As of 30 June 2022, the consolidated entity did not hold derivative financial instruments in managing its foreign currency, however, the consolidated entity may from time to time enter into hedging arrangements where circumstances are deemed appropriate. The consolidated entity used natural hedging to reduce the foreign currency risk, which involved processing USD payments from cash held in USD. Foreign subsidiaries with a functional currency of Australian Dollars ('AUD') have exposure to the local currency of these subsidiaries and any other currency these subsidiaries trade in.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2022 A$'000	2021 A$'000	2022 A$'000	2021 A$'000
US dollars	7,276	21,073	3,071	3,448
Euros	—	—	205	16
	7,276	21,073	3,276	3,464

Note 22. Financial instruments (continued)

The consolidated entity had net assets denominated in foreign currencies of A$3,999,645 as at 30 June 2022 (2021: net liabilities A$17,608,845).

If the AUD had strengthened against the USD by 10% (2021: 10%) then this would have had the following impact:

Consolidated - 2022	% change	AUD strengthened Effect on profit before tax A$'000	Effect on equity A$'000	% change	AUD weakened Effect on profit before tax A$'000	Effect on equity A$'000
US dollars	10%	(420)	(420)	(10%)	420	420
Euros	10%	20	20	(10%)	(20)	(20)
		(400)	(400)		400	400

Consolidated – 2021	% change	AUD strengthened Effect on profit before tax A$'000	Effect on equity A$'000	% change	AUD weakened Effect on profit before tax A$'000	Effect on equity A$'000
US dollars	10%	(1,762)	(1,762)	(10%)	1,762	1,762
Euros	10%	1	1	(10%)	(1)	(1)
		(1,761)	(1,761)		1,761	1,761

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's exposure to market interest rates relate primarily to the investments of cash balances.

The consolidated entity has cash reserves held primarily in Australian dollars and United States dollars and places funds on deposit with financial institutions for periods generally not exceeding three months.

Note 22. Financial instruments (continued)

As at the reporting date, the consolidated entity had the following variable interest rate balances:

	2022		2021	
	Weighted average interest rate %	Balance A$'000	Weighted average interest rate %	Balance A$'000
Cash at bank and in hand	—	7,361		21,087
Short term deposits	—		0.04%	6,500
Net exposure to cash flow interest rate risk		7,361		27,587

The consolidated entity has cash and cash equivalents totalling $7,361,112 (2021: $27,586,760). An official increase/decrease in interest rates of 100 basis points (2021: 100 basis points) would have a favourable/adverse effect on profit before tax and equity of $73,611 (2021 $275,867) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The entity is not exposed to significant credit risk on receivables.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The consolidated entity places its cash deposits with high credit quality financial institutions and by policy, limits the amount of credit exposure to any single counter-party. The consolidated entity is averse to principal loss and ensures the safety and preservation of its invested funds by limiting default risk, market risk, and reinvestment risk. The consolidated entity mitigates default risk by constantly positioning its portfolio to respond appropriately to a significant reduction in a credit rating of any financial institution.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

There are no significant concentrations of credit risk within the consolidated entity. The credit risk on liquid funds is limited as the counter parties are banks with high credit ratings.

Credit risk is managed by limiting the amount of credit exposure to any single counter-party for cash deposits.

Note 22. Financial instruments (continued)

Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. In particular, contingent consideration may be satisfied either by payment of cash or by issue of shares, at the discretion of the entity.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2022	Weighted average interest rate %	1 year or less A$'000	Between 1 and 2 years A$'000	Between 2 and 5 years A$'000	Over 5 years A$'000	Remaining contractual maturities A$'000
Non-derivatives						
Non-interest bearing						
Trade payables	—	1,524	—	—	—	1,524
Accrued payables	—	2,236	—	—	—	2,236
Contingent consideration	—	759	—	8,983	—	9,686
Total non-derivatives		4,519	—	8,983	—	13,446

2021	Weighted average interest rate %	1 year or less A$'000	Between 1 and 2 years A$'000	Between 2 and 5 years A$'000	Over 5 years A$'000	Remaining contractual maturities A$'000
Non-derivatives						
Non-interest bearing						
Trade payables	—	1,893	—	—	—	1,893
Accrued payables	—	3,039	—	—	—	3,039
Contingent consideration	—	3,165	—	9,306	—	12,471
Total non-derivatives		8,097	—	9,306	—	17,403

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 23. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2022	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Liabilities				
Contingent Consideration	—	—	1,168	1,168
Total liabilities	—	—	1,168	1,168
Consolidated - 2021				
Liabilities				
Contingent Consideration	—	—	1,015	1,015
Total liabilities	—	—	1,015	1,015

There were no transfers between levels during the financial year.

The fair value of contingent consideration related to the acquisition of Glioblast Pty Ltd and the licence agreement is estimated by probability-weighting the expected future cash outflows, adjusting for risk and discounting. Only the paxalisib contingent consideration is shown here as it held at fair value and EVT801 is held at cost.

The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate. The estimated cashflows were adjusted based on the directors' assessment of achieving contracted milestones as disclosed in Note 16. The probabilities used fell in the range of 35% to 55% and were informed by generally accepted industry probabilities of drugs achieving certain milestones in their progression towards registration.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Level 3 A$'000	Total A$'000
Consolidated		
Balance at 1 July 2020	1,845	1,845
Losses recognised in profit or loss	2,570	2,570
Payout of milestone	(3,400)	(3,400)
Balance at 30 June 2021	1,015	1,015
Losses recognised in profit or loss	153	153
Balance at 30 June 2022	1,168	1,168

Note 24. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel ('KMP') of the consolidated entity is set out below:

	2022 A$'000	2021 A$'000	2020 A$'000
Short-term employee benefits	2,589	1,574	1,324
Post-employment benefits	116	112	97
Share-based payments	1,560	617	230
	4,265	2,303	1,651

Please refer to Note 28 for other transactions with key management personnel and their related parties.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the consolidated entity:

	Consolidated		
	2022 A$'000	2021 A$'000	2020 A$'000
Audit services - Grant Thornton Audit Pty Ltd			
Audit or review of the financial statements	181	151	124

Note 26. Contingent liabilities

Other than the contingent consideration set out in note 16, the consolidated entity does not have any other contingent liabilities.

Note 27. Commitments

Lease commitments comprise contracted amounts for leases of premises. The agreement has a duration less than 12 months from financial year end.

Note 28. Related party transactions

Parent entity

Kazia Therapeutics Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties

There was no other transaction with KMP and their related parties.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2022 A$'000	2021 A$'000
Statement of profit or loss and other comprehensive income		
Loss after income tax	(23,875)	(16,854)
Total comprehensive income	(23,875)	(16,854)

	2022 A$'000	2021 A$'000
Statement of financial position		
Total current assets	5,895	25,042
Total assets	25,945	47,044
Total current liabilities	1,090	3,177
Total liabilities	12,407	15,032
Equity		
Contributed equity	84,480	80,290
Other contributed equity	—	464
Reserves	3,264	1,754
Accumulated losses	(74,206)	(50,496)
Total equity	13,538	32,012

Reserves comprise Share Based Payments Reserve.

Contingent liabilities

The parent entity contingent liabilities as at 30 June 2022 and 30 June 2021 are as set out in Note 16. The contingent consideration is specific to the parent entity.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Kazia Laboratories Pty Ltd	Australia	100.00%	100.00%
Kazia Research Pty Ltd	Australia	100.00%	100.00%
Kazia Therapeutics Inc.	United States of America	100.00%	100.00%
Glioblast Pty Ltd	Australia	100.00%	100.00%
Kazia Therapeutics (Hong Kong) Limited	Hong Kong	100.00%	100.00%

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	2022 A$'000	2021 A$'000	2020 A$'000
Loss after income tax expense from continuing operations	(24,648)	(8,422)	(12,467)
Adjustments for:			
Depreciation & amortisation	1,953	1,265	1,084
Net fair value loss on financial assets	—	—	168
Share based payments	1,675	637	262
Foreign exchange differences	(1,789)	430	—
Loss on contingent consideration	152	2,570	474
Change in operating assets & liabilities:	(22,657)	(3,520)	(10,479)
Decrease in trade and other receivables	(6)	(5,027)	358
Decrease/(increase) in prepayments	1,564	(1,182)	(168)
Decrease/(increase) in trade and other payables	(1,495)	1,010	1,722
Decrease in deferred tax liability	(368)	(484)	(298)
Increase/(decrease) in other provisions	201	93	55
Net cash used in operating activities	(22,761)	(9,111)	(8,810)

Note 32. Earnings per share

	2022 A$'000	2021 A$'000	2020 A$'000
Loss after income tax attributable to the owners of Kazia Therapeutics Limited	(24,648)	(8,422)	(12,467)
Loss after income tax attributable to the owners of Kazia Therapeutics Limited	(24,648)	(8,422)	(12,467)
	Number	**Number**	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	132,467,686	117,674,543	73,053,514
Weighted average number of ordinary shares used in calculating Diluted earnings per share	132,467,686	117,674,543	73,053,514
	Cents	**Cents**	**Cents**
Basic earnings per share	(18.61)	(7.16)	(17.07)
Diluted earnings per share	(18.61)	(7.16)	(17.07)

Note 33. Share-based payments

All of the options set out below have been issued to employees and directors under the ESOP. During the financial year an expense of $1,674,581 was recognised.

2022

	Number of options 2022	Weighted average exercise price 2022	Number of options 2021	Weighted average exercise price 2021
Outstanding at the beginning of the financial year	4,219,000	$ 0.8911	2,775,167	$ 0.7970
Granted	4,800,000	$ 1.6110	2,200,000	$ 1.0915
Exercised	(25,000)	$ 0.6700	(441,500)	$ 0.6195
Expired	(338,500)	$ 1.1123	(314,667)	$ 1.8473
Outstanding at the end of the financial year	8,655,500	$ 1.2826	4,219,000	$ 0.8911
Exercisable at the end of the financial year	3,180,500	$ 0.8770	2,506,667	$ 0.6195

2022

Tranche	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / lapsed on termination of employment	Balance at the end of the year
1	05/09/2016	05/09/2021	$ 1.6300	50,000	—	—	(50,000)	—
2	12/10/2016	17/10/2021	$ 1.5600	62,000	—	—	(62,000)	—
3	31/10/2016	01/11/2021	$ 1.3800	12,500	—	—	(12,500)	—
4	21/11/2016	23/11/2021	$ 1.3800	50,000	—	—	(50,000)	—
5	07/08/2017	07/08/2022	$ 0.6700	87,000	—	(25,000)	(46,500)	15,500
6	05/02/2018	05/02/2023	$ 0.7800	320,000	—	—	(80,000)	240,000
7	04/01/2019	04/01/2024	$ 0.4925	37,500	—	—	(37,500)	—
8	13/11/2019	13/11/2023	$ 0.4925	1,200,000	—	—	—	1,200,000
9	13/01/2020	13/01/2025	$ 0.8812	200,000	—	—	—	200,000
10	09/11/2020	09/11/2024	$ 1.1320	1,200,000	—	—	—	1,200,000
11	09/11/2020	09/11/2024	$ 0.8812	800,000	—	—	—	800,000
12	04/01/2021	04/01/2025	$ 1.6900	200,000	—	—	—	200,000
13	09/09/2021	21/06/2026	$ 1.3700	—	100,000	—	—	100,000
14	16/11/2021	16/11/2025	$ 1.6900	—	1,000,000	—	—	1,000,000
15	16/11/2021	16/11/2025	$ 2.2400	—	1,500,000	—	—	1,500,000
16	16/11/2021	16/11/2025	$ 1.5600	—	800,000	—	—	800,000
17	01/02/2022	01/02/2027	$ 0.9400	—	500,000	—	—	500,000
18	01/02/2022	01/02/2027	$ 0.9400	—	800,000	—	—	800,000
19	24/05/2022	24/05/2027	$ 0.7800	—	100,000	—	—	100,000
				4,219,000	4,800,000	(25,000)	(338,500)	8,655,500
Weighted average exercise price				$ 0.8911	$ 1.6110	$ 0.6700	$ 1.1123	$ 1.2826

At the end of the period the following outstanding options were vested and exercisable:

- Options in tranche 1 - 4 expired during the year

- Options in tranches 1 - 8 were vested and exercisable, apart from those in the above table which have expired

- Options in tranches 9 - 10 were vested and exercisable as to 50%

- Options in tranche 11 were vested and exercisable as to 75%

- Options in tranches 12 - 14 were vested and exercisable as to 25%

- Options in tranches 15 - 19 were unvested

The weighted average remaining contractual life of options outstanding at 30 June 2022 is 3.048 years.

Note 33. Share-based payments (continued)

2021

Tranche	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / lapsed on termination of employment	Balance at the end of the year
1	16/11/2015	16/11/2020	$ 2.2000	236,667	—	—	(236,667)	—
2	05/09/2016	05/09/2021	$ 1.6300	50,000	—	—	—	50,000
3	12/10/2016	17/10/2021	$ 1.5600	62,000	—	—	—	62,000
4	31/10/2016	01/11/2021	$ 1.3800	12,500	—	—	—	12,500
5	21/11/2016	23/11/2021	$ 1.3800	50,000	—	—	—	50,000
6	07/08/2017	07/08/2022	$ 0.6700	224,000	—	(121,500)	(15,500)	87,000
7	05/02/2018	05/02/2023	$ 0.7800	440,000	—	(120,000)	—	320,000
8	04/01/2019	04/01/2024	$ 0.4925	250,000	—	(200,000)	(12,500)	37,500
9	13/11/2019	13/11/2023	$ 0.4925	1,200,000	—	—	—	1,200,000
10	13/01/2020	13/01/2025	$ 0.8812	250,000	—	—	(50,000)	200,000
11	09/11/2020	09/11/2024	$ 1.1320	—	1,200,000	—	—	1,200,000
12	09/11/2020	09/11/2024	$ 0.8812	—	800,000	—	—	800,000
13	04/01/2021	04/01/2025	$ 1.6900	—	200,000	—	—	200,000
				2,775,167	2,200,000	(441,500)	(314,667)	4,219,000
Weighted average exercise price				$ 0.7970	$ 1.0915	$ 0.6195	$ 1.8473	$ 0.8911

At the end of the period the following outstanding options were vested and exercisable:

- Options in tranche 1 have expired during the year

- Options in tranches 2 - 8 were vested and exercisable except for tranche 6 which was vested as to 53%

- Options in tranche 9 were vested as to 1million of the 1.2million options on issue

- Options in tranches 10-12 were 25% vested

- Options in tranche 13 were unvested at year end

The weighted average remaining contractual life of options outstanding at 30 June 2021 is 2.6 years.

Employee share options

During the year ended 30 June 2022, 4,800,000 options have been issued to directors and employees by the consolidated entity pursuant to the Company's Employee Share Option Plan.

- Tranche 14 vests as to 25% immediately on issue and then in three equal annual amounts from one year from the date of issue.
- Tranches 13 & 15 - 19 vest in four equal annual amounts from one year of the date of issue

Vesting conditions for options within all tranches, is based on service period only; i.e. options will only vest if the option holder continues to be a full-time employee with the Company or an Associated Company during the vesting period relating to the option.

Conditions for an option to be exercised:

- The option must have vested;
- Option holder must have provided the Company with an Exercise Notice and have paid the Exercise Price for the option;
- The Exercise Notice must be for the exercise of at least the Minimum Number of Options; and
- The Exercise Notice must have been provided to the Company and Exercise Price paid before the expiry of 5 years from the date the Option is issued.

Note 33. Share-based payments (continued)

Options Valuation

In order to obtain a fair valuation of these options, the following assumptions have been made:

The Black Scholes option valuation methodology has been used with the expectation that the majority of these options would be exercised towards the end of the option term. Inputs into the Black Scholes model includes the share price at grant date, exercise price, volatility, and the risk free rate of a five year Australian Government Bond on grant date.

Risk-free rate and grant date

For all tranches, the risk-free rate of a five-year Australian Government bond on grant date was used. Please refer to the table below for details.

The abovementioned options have various vesting periods and exercising conditions. These options are unlisted as at 30 June 2022.

No dividends are expected to be declared or paid by the consolidated entity during the terms of the options.

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time. No special features inherent to the options granted were incorporated into measurement of fair value.

Based on the above assumptions, the table below sets out the valuation for each tranche of options:

Grant date	Expiry date	Share price at Grant Date	Exercise price	Volatility (%)	Dividend yield (%)	Risk free Rate (%)	Fair value per option
07/08/2017	07/08/2022	$0.4300	$0.6700	74.50%	—	1.95%	$0.206
05/02/2018	05/02/2023	$0.5000	$0.7800	74.50%	—	1.95%	$0.200
13/11/2019	13/11/2023	$0.4100	$0.4925	74.50%	—	1.95%	$0.180
13/01/2020	13/01/2025	$0.6200	$0.8812	74.50%	—	1.95%	$0.340
09/11/2020	09/11/2024	$0.8900	$1.1320	90.00%	—	0.10%	$0.413
09/11/2020	09/11/2024	$0.8900	$0.8812	90.00%	—	0.10%	$0.503
04/01/2021	04/01/2025	$1.1850	$1.6900	90.00%	—	0.19%	$0.600
09/09/2021	21/06/2026	$1.4200	$1.3700	76.00%	—	1.50%	$0.880
16/11/2021	16/11/2025	$1.5700	$1.6900	76.00%	—	1.50%	$0.850
16/11/2021	16/11/2025	$1.5700	$2.2400	76.00%	—	1.50%	$0.750
16/11/2021	16/11/2025	$1.5700	$1.5600	76.00%	—	1.50%	$0.970
01/02/2022	01/02/2027	$0.9600	$0.9400	79.00%	—	1.50%	$0.590
24/05/2022	24/05/2027	$0.8000	$0.7800	44.00%	—	2.95%	$0.630

Note 34. Subsequent events

GBM AGILE Pivotal Study

Post period, on 1 August 2022, the company was advised by the Global Coalition for Adaptive Research (GCAR) that the first stage of the paxalisib arm in the company's GBM AGILE pivotal study had completed recruitment. The treatment arm did not meet pre-defined criteria for continuing to a second stage, and patients enrolled in the first stage of the paxalisib arm will therefore continue on treatment as per protocol, and in follow-up, until completion of the final analysis, which the company anticipates receiving in 2H CY2023, as previously disclosed. Given that completion of recruitment has now occurred, the study will not open to the paxalisib arm in Germany or China. The company will work with its licensing partner to determine the way forward in China, given that country's general requirement for local data to register a new pharmaceutical product. All company personnel continue to be blinded to efficacy and safety data from the ongoing study, as required by regulatory authorities, and so the company remains unable to provide analysis or interpretation of the study until follow-up is complete and final data is available.

At-The-Market (ATM) Facility

In May 2022, the company established the NASDAQ based ATM financing facility with Oppenheimer and Company. During the months of July 2022 and August 2022 through 11 August 2022, the company raised total proceeds for the period of US$2.53million (approximately AU$3.67million). The weighted average share price from ATM financings is AU$0.50 cents per ordinary share, increasing the total shares outstanding to 149,636,656 and materially expanding the company's runway with minimal dilution to existing shareholders. On the most active day during this period, the ATM accounted for 5% of the day's trading volume, implying minimal price impact as a result of its use. Of note, shares issued under the ATM are issued at the spot market price, with no discount, no accompanying warrants or options, and with banking fees approximately half of those associated with more traditional financing methods.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Exhibit 4.21

20 September 2021

Dr John Friend
[xxx]
[xxx]

Dear John,

Offer of Employment with Kazia Therapeutics

On behalf of Kazia Therapeutics, Inc, I am pleased to offer you the position of **Chief Medical Officer**. We look forward to welcoming you as a colleague.

The terms of the position are as set forth below.

Position

Particulars. Your position, place of work, and commencement date will be as described in Attachment 1 of this letter.

Employer. Your employer will be Kazia Therapeutics, Inc (the "Company"), a Delaware company. Kazia reserves the right to assign your employment to other corporate entities within its group at its sole discretion.

Obligation to Best Efforts. You agree that you will, at all times, loyally and conscientiously perform all the duties and obligations associated with this role to the best of your ability and experience, and to the reasonable satisfaction of the Company.

No Interference. During the term of your employment, you further agree that you will devote all of your business time and attention to the business of the Company, the Company will be entitled to all of the benefits and profits arising from or incident to all such work services and advice, you will not render commercial or professional services of any nature to any person or organization, whether or not for compensation, without the prior written consent of the Company's Board of Directors, and you will not directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company. Nothing in this letter agreement will prevent you from accepting speaking or presentation engagements in exchange for honoraria or from serving on boards of charitable organizations, or from owning no more than one percent (1%) of the outstanding equity securities of a corporation whose stock is listed on a national stock exchange.

Travel and Expenses. You acknowledge that the nature of the position may require frequent travel within and outside of the United States from time to time. The Company will make reasonable efforts to accommodate your circumstances and preferences in directing such travel. You will be entitled to reimbursement of reasonable and customary expenses incurred in carrying out the position, in accordance with the Company's policies, on submission of an expense report and valid receipts.

Compensation

Salary. Your compensation will be as itemised in Attachment 1 of this letter and paid to you once per month pursuant to the Company's regular payroll policy.

Performance and Salary Review. Your performance and compensation package will be reviewed no less than once annually. Any pay adjustments will be made in accordance with your performance and in reference to industry compensation benchmarks for comparable positions. Adjustments to compensation will be at Kazia's sole discretion and are not guaranteed.

Sole Consideration. You acknowledge that the compensation described in Attachment 1 of this letter will be your only remuneration for your employment with the company. Kazia may require you to provide services and / or to hold offices within the Company or on behalf of the Company without additional remuneration. You will be required to work such hours as are reasonably required for the position, without additional payment for overtime or travel.

Equity Participation. Following your commencement, Kazia will recommend to the Board of Directors that you be granted options over the company's stock, to an amount as specified in Attachment 1 of this letter. This grant is at the discretion of the Board of Directors, and will be subject to the company's Employee Stock Option Plan. At the discretion of the Board of Directors, you may be eligible for further grants of stock options during the term of your employment.

Sign-On Bonus. Your compensation includes a one-time sign-on bonus, which will be paid within 60 days following your commencement with the Company. You agree, in accepting this offer of employment, that any sign-on bonus will be refunded to the Company, pro rata, if you choose to terminate your employment, or if you are terminated for cause, within the first twelve months after commencement, and that this may be deducted by the Company from your final paycheck. The sign-on bonus will be subject to applicable State and Federal payroll taxes.

Benefits

Benefits. Your benefits will be as itemised in Attachment 1 of this letter.

Payment in Lieu of Benefits. For a period of up to eighteen (18) months following your commencement, Kazia reserves the right to request that you maintain health insurance associated with your prior employment under the COBRA scheme, for which Kazia will reimburse your premiums in their entirety. Should you not be eligible for COBRA, we require that you obtain a marketplace or State medical plan. This is to allow for Kazia to establish appropriate corporate health insurance policies and arrangements.

Vacation and Holidays. You will be eligible for paid time off (PTO) as itemised in Attachment 1 of this letter. You will also receive paid time off for US holidays observed by Kazia. Kazia's policies regarding vacation and holidays will be provided to you separately on commencement.

Severance

If, at any time, (a) the Company terminates your employment without Cause (as defined herein), and other than as a result of your death or disability, or (b) you resign for Good Reason (as defined herein), and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)), you shall be entitled to receive the following severance benefits:

(a) if in Connection with a Change in Control: (i) you shall be entitled to severance pay in the form of monthly payments equal to a maximum of 12 months of your base salary in effect on the effective date of termination, (ii) a lump sum payout of a pro-rata bonus for the bonus year, based on good faith estimates of the achievement of performance goals on the date of termination, and (iii) if you timely elect continued health care coverage under COBRA, the Company shall pay the same proportion of your premium rate as before the date of termination or, if COBRA coverage is not available, then the Company shall reimburse you for such amount (in the same proportion as before the termination) through the earlier of (A) 6 months following the Separation from Service, or (B) the date upon which you and your eligible dependents become covered under similar plans (and you agree to notify the Company of such other coverage);

(b) if other than in Connection with a Change in Control: (i) subject to the requirement to mitigate below, you shall be entitled to severance pay in the form of monthly payments equal to a maximum of 6 months of your base salary in effect on the effective date of termination, (ii) a lump sum payout of a pro-rata bonus for the year, based on good faith estimates of the achievement of performance goals on the date of termination, and (iii) if you timely elect continued health care coverage under COBRA, the Company shall pay the same proportion of your premium rate as before the date of termination or, if COBRA coverage is not available, then the Company shall reimburse you for such amount (in the same proportion as before the termination) through the earlier of (A) 6 months following the Separation from Service, or (B) the date upon which you and your eligible dependents become covered under similar plans (and you agree to notify the Company of such other coverage).

Such severance benefits are conditional upon (a) your continuing compliance with your obligations under your Confidentiality Agreement and Proprietary Information and Inventions Agreement; (b) your delivery to the Company of an effective general release of claims in favor of the Company and its affiliates in a form acceptable to the Company within 30 days following your termination date. The monthly severance payments and lump sum bonus payment will be subject to standard deductions and withholdings following termination; provided, however, that no payments will be made prior to the 40th day following your termination. On the 40th day following your Separation from Service date, the Company will pay you the salary continuation payments that you would have received on or prior to such date in a lump sum under the original schedule but for the delay while waiting for the effectiveness of the release, with the balance of the cash severance and the bonus payment being paid as originally scheduled.

For purposes of this letter, "Cause" means (A) your conviction (including a guilty plea or a no contest plea) of a felony, or of any other crime involving fraud, dishonesty or moral turpitude; (B) your commission of or participation in a fraud against the Company; (C) your material breach of any written agreement between you and the Company (including but not limited to your Proprietary Information Agreement) or material breach or neglect of any statutory or fiduciary duty you owe to the Company; or (D) your conduct that constitutes gross insubordination or habitual neglect of your duties as determined by the Board; provided in each case that the Company gives you written notice and a reasonable opportunity to cure or to be heard by the Board before its final determination.

For purposes of this letter, “Change in Control” means (A) where, as a result of any takeover bid, scheme of arrangement or any other event or transaction, a person or entity becomes entitled to more than 50% of the Shares or to all or substantially all of the Group’s business and assets (provided that no sale or transfer undertaken in respect of an internal reorganisation of the structure, business or assets of the Group shall constitute a Change of Control Event); or (B) any other event determined by the Board to constitute a “Change of Control Event” for the purposes of these Rules (excluding, for the avoidance of doubt, an internal reorganisation of the structure, business or assets of the Group).

For purposes of this letter, you shall have “Good Reason” for your resignation from your employment with the Company and/or any of its subsidiaries or parent entities or successor entities for up to ninety (90) days following the occurrence of one of the following events without your consent and after having provided thirty (30) days prior written notice and an opportunity to cure to the Company and the failure by the Company to cure the event: (A) material reduction in your duties (including responsibilities and/or authorities), provided, however, that a change in job position (including a change in title) shall not be deemed a “material reduction” in and of itself unless your new duties are substantially reduced from the prior duties; (B) relocation of your principal place of employment to a place that increases your one-way commute by more than fifty (50) miles as compared to your then current principal place of employment immediately prior to such relocation; (C) a reduction of at least 10% of your gross base salary (unless pursuant to a salary reduction program applicable generally to the Company’s executive employees); or (D) a change in your reporting line such that you report to a position subordinate to the Chief Executive Officer.

For purposes of this letter, “in Connection with a Change in Control” will mean if your employment is terminated during that period either three (3) months prior to or twelve (12) months following a Change in Control.

It is intended that the severance benefits payable under this letter satisfy, to the greatest extent possible, the exemptions from the application of Internal Revenue Code Section 409A provided under Treasury Regulations 1.409A 1(b)(4), 1.409A 1(b)(5) and 1.409A 1(b)(9), and this letter will be construed to the greatest extent possible as consistent with those provisions. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A 2(b)(2)(iii)), your right to receive instalment payments under this letter shall be treated as a right to receive a series of separate payments and, accordingly, each instalment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this letter, if you are deemed by the Company at the time of your Separation from Service to be a “specified employee” for purposes of Code Section 409A(a)(2)(B)(i), to the extent delayed commencement of any portion of the severance benefits to which you are entitled under this letter is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i), such portion of your benefits shall not be provided to you prior to the earlier of (i) the expiration of the six-month period measured from the date of your Separation from Service with the Company or (ii) the date of your death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments due under this letter shall be paid as otherwise provided herein.

Terms of Employment

At-Will Employment. Notwithstanding any other obligation in this letter, your employment with the Company will be on an "at will" basis, meaning that either you or the Company may terminate your employment at any time for any reason or no reason.

Debarment and Suspension. You agree, assert, and affirm that you are in compliance with United States Federal Executive Order 12549 "Debarment and Suspension" and in further compliance with Executive Order 12689, and with Section 2455 of the Federal Acquisition Regulation as provided in 45 CFR 76 "Government-Wide Debarment and Suspension (Non-procurement) and Government-Wide Requirements for Drug-Free Workplace (Grants)", and in further compliance with Office of Management and Budget Memorandum M-87-32, "Certification of Non-delinquency by Applicants for Federal Assistance," that I, to the best of my knowledge and belief:

(a) Am not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding the Start Date been convicted of or had a civil judgment rendered against me for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Am not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification;

(d) Have not within a three-year period preceding the Start Date had one or more public transactions (Federal, State, or local) terminated for cause or default; and

(e) Am not currently delinquent on the repayment of any federal debt.

Confidentiality. You agree that, by executing this letter, you enter into a Confidentiality Agreement with the company, which is provided in Attachment 2 of this letter.

Work Product Agreement. You agree that, by executing this letter, you enter into a Proprietary Information and Inventions Agreement with the company, which is provided in Attachment 3 of this letter.

Notification of Material Changes. You agree to promptly notify Kazia of any material changes in your circumstances, including without limitation your residential address, your qualifications, professional memberships or certifications, or any of the representations and warranties contained in this letter.

Adherence to Policies. You acknowledge that you are expected act as a role model for the company and to uphold and champion its policies including, but not limited to, its policies relating to work health and safety, equal employment opportunities, anti-discrimination, harassment and bullying. You must also comply with any policies issued by the company, including policies relating to corporate governance.

Surveillance and Data Privacy. The company undertakes continuous and ongoing surveillance in relation to activities carried out on its premises, or using its property, in order to ensure that its workplaces are safe, and free of risk of harm to all employees and visitors, and also to protect the company's business interests. In accepting employment with the company, you acknowledge the surveillance set out in this clause, and consent to such use.

Ownership of Physical Property. All document, apparatus, equipment and other physical property in any form furnished to you by the Company or produced by you or others in connection with your employment shall be and remain the sole property of the Company. You shall return to the Company all such documents, materials and property as and when requested by the Company, except only (i) personal copies of records relating to my compensation; (ii) if applicable, personal copies of any materials evidencing shares of the Company's capital stock purchased by you and/or options to purchase shares of the Company's capital stock granted to you; (iii) your copy of this Agreement and (iv) your personal property and personal documents that you bring with you to the Company and any personal correspondence and personal materials that you accumulate and keep at the Company's office during your employment. Even if the Company does not so request, you shall return all such documents, materials and property upon termination of your employment, and, except for your personal documents, you will not take with you any such documents, material or property or any reproduction thereof upon such termination.

Obligations at Termination. Upon termination of your employment for any reason, you must, at the Company's request, cooperate with the company and render all reasonable assistance in the prosecution or defence of legal claims and proceedings. You must execute all documents and give all reasonable assistance required to relinquish offices held on behalf of the Company, and to allow the Company to protect intellectual property and confidential information.

Non-Solicitation. During your employment, and for a period of twelve (12) months after termination, you may not directly or indirectly solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or attempt any of the foregoing, either for yourself or any other person or entity.

Conditions of Employment

Proof of Right to Work. For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated.

Background and Credit Review. You agree to and will promptly complete any necessary documentation to allow a personal background and credit review. All information will be held strictly confidential but will be used to finally qualify you for this position. Satisfactory passage of this check must be completed within seven (7) business days of your date of hire, or our employment relationship with you may be terminated.

Warranties. In accepting this offer of employment, you warrant that:-

(a) You will not be in breach of any agreement with, or obligation owed to, any third party; and

(b) You have disclosed all material information to Kazia which may be relevant to the company's decision to offer you employment; and

(c) Any representations you have made as to your qualifications, skills, experience, industry knowledge, business influence, contacts, and employment history are true and correct and complete.

We are all delighted to be able to extend you this offer and look forward to working with you. To indicate your acceptance of the Company's offer, please sign and date this letter in the space provided below, and separately on Attachment 2 and Attachment 3. Please return the signed documents to the company. This letter, together with its Attachments, set forth the terms of your employment with the Company and supersede any prior representations or agreements, whether written or oral. This letter may not be modified or amended except by a written agreement, signed by the Company and by you.

Yours sincerely,

For and on behalf of Kazia Therapeutics:-

/s/ James Garner

Dr James Garner
Chief Executive Officer

Accepted and agreed by:-

/s/ John Friend

Dr John Friend
Date: 29 September 2021

ATTACHMENT 1
PARTICULARS OF EMPLOYMENT

Position	Chief Medical Officer
Position Overview	As Chief Medical Officer, you will lead the development and commercialisation of all Kazia's pipeline assets. You will be responsible for ensuring compliance with the requirements of FDA and other national regulatory agencies, including in respect of drug safety. You will serve as the medical lead in partnering transactions, both inbound and outbound, and may from time to time be asked to meet with investors, analysts, or other key stakeholders. As a member of the Company's Executive Leadership Team, you will work closely with the Chief Executive Officer to shape the Company's strategy, culture, management team, and business model.
Manager	Chief Executive Officer
Place of Work	Home-based in NJ
Commencement Date	TBD
Base Salary	US$ 492,000 per annum (paid as $41,000 per calendar month)
Sign-On Bonus	US$ 120,000 to be paid within 60 days of commencement
Target Bonus	40% of your annual base salary
LTI Options Grant (subject to Board approval)	800,000 (eight hundred thousand) options over Kazia's ASX-listed stock, to vest in four equal annual instalments, beginning on the first anniversary of joining
Health Insurance	Health, Dental, and Vision 100% of premium for employees and a proportion of premium, not less than 50%, for dependents
401(k) Plan	Company sponsored Safe Harbor 401k Plan with Company Match (100% for first 4% and 50% for next 2%). Employees are eligible to participate after one pay cycle. Matching is immediate with no vesting period.
Paid Time Off (PTO)	20 days per calendar year

ATTACHMENT 2
CONFIDENTIALITY AGREEMENT

For the purposes of this Agreement, Confidential Information means information which came to the employee's knowledge in the course of, or as a result of, their employment including, but not limited to:

(a) the business or affairs, financial information, intellectual property, business plans, research and development, and sales and marketing information of the Company;

(b) unpatented molecular structures, manufacturing processes, assay methodologies, preclinical or clinical data;

(c) information which would reasonably be considered to be of a business sensitive nature;

(d) trade secrets and confidential information and know-how of the Company;

(e) information regarding investments, investment opportunities, investment strategies and investment research of the Company; and

(f) confidential information of a third party that has been shared with Company.

Confidential Information will not include information which is or becomes readily available in the public domain otherwise than as a result of the breach of this Agreement.

The employee must not use or disclose this Confidential Information during and after their employment, and must take all reasonable steps to prevent the unauthorised disclosure of the Confidential Information, except in the following circumstances:

(a) the Company has given its prior written consent; or

(b) in the proper course of performing their duties and for the benefit of the Company; or

(c) to the extent required by law.

Without limiting the generality of the above, the employee must not disclose Confidential Information to other employees of the Company unless these employees are authorised by the Company to receive this information and need to know this information to perform their duties to the Company.

The employee must immediately notify the Company if the employee suspects or becomes aware that Confidential Information has been improperly used, copied or disclosed.

The employee must not copy or remove from the Company's premises any document which contains Confidential Information except for the purpose of properly performing the duties of the position and for the benefit of the Company.

The employee must provide assistance reasonably requested by the Company in relation to proceedings against any person for unauthorised use, copying or disclosure of Confidential Information.

Accepted and agreed by:-

/s/ John Friend
Name: Dr John Friend
Date: 29 September 2021

In exchange for my becoming employed (or my employment being continued), or retained as a consultant (or my consulting relationship being continued), by Kazia Therapeutics, or any of its current or future subsidiaries, affiliates, successors or assigns (collectively, the "Company"), and for any cash and equity compensation for my services, I hereby agree as follows:

Assignment of Inventions.

(a) Without further compensation, I hereby agree promptly to disclose to the Company, all Inventions (as defined below) which I may solely or jointly develop or reduce to practice during the period of my employment or consulting relationship with the Company which (i) pertain to any line of business activity of the Company, (ii) are aided by the use of time, material or facilities of the Company, whether or not during working hours or (iii) relate to any of my work during the period of my employment or consulting relationship with the Company, whether or not during normal working hours ("Company Inventions"). During the term of my employment or consultancy, all Company Inventions that I conceive, reduce to practice, develop or have developed (in whole or in part, either alone or jointly with others) shall be the sole property of the Company and its assigns to the maximum extent permitted by law (and to the fullest extent permitted by law shall be deemed "works made for hire"), and the Company and its assigns shall be the sole owner of all patents, copyrights, trademarks, trade secrets and other rights in connection therewith. I hereby assign to the Company any rights that I may have or acquire in such Company Inventions.

(b) I have provided to the Company, prior to my engagement, a complete list of all Inventions, if any, made by me prior to my employment or consulting relationship with the Company that are relevant to the Company's business, and I represent and warrant that such list is complete. If no such list is provided, I represent that I have no such Inventions at the time of signing this Agreement. If in the course of my employment or consultancy (as the case may be) with the Company, I use or incorporate any Invention in which I have an interest into a product or process of the Company, the Company is hereby granted a nonexclusive, fully paid-up, royalty-free, perpetual, irrevocable worldwide license of my interest to use and sublicense such Invention without restriction of any kind.

NOTICE REQUIRED BY REVISED CODE OF WASHINGTON 49.44.140:

Any assignment of Inventions required by this Agreement does not apply to an Invention for which no equipment, supplies, facility or trade secret information of the Company was used and which was developed entirely on the employee's own time, unless (a) the Invention relates (i) directly to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development or (b) the Invention results from any work performed by the employee for the Company.

Further Assistance and Power of Attorney**.** I agree to perform, during and after my employment or consulting relationship, all acts deemed necessary or desirable by the Company to permit and assist it, at its expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Inventions assigned to the Company as set forth in Section 4 above. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate the Company and its duly authorized officers and agents as my agent and attorney-in fact, to execute and file on my behalf any such applications and to do all other lawful acts to further the prosecution and issuance of patents, copyright and mask work registrations related to such Inventions. This power of attorney shall not be affected by my subsequent incapacity.

Inventions. As used in this Agreement, the term “Inventions” means discoveries, developments, concepts, designs, ideas, know how, improvements, inventions, trade secrets and/or original works of authorship, whether or not patentable, copyrightable or otherwise legally protectable. This includes, but is not limited to, any new product, machine, article of manufacture, biological material, method, procedure, process, technique, use, equipment, device, apparatus, system, compound, formulation, composition of matter, design or configuration of any kind, or any improvement thereon.

Survival. This Agreement (a) shall survive for a period of five years beyond the termination of my employment by or consulting relationship with the Company, (b) inures to the benefit of successors and assigns of the Company and (c) is binding upon my heirs and legal representatives.

Injunctive Relief. I acknowledge that violation of this Agreement by me may cause irreparable injury to the Company, and I agree that the Company will be entitled to seek extraordinary relief in court, including, but not limited to, temporary restraining orders, preliminary injunctions and permanent injunctions without the necessity of posting a bond or other security and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

Accepted and agreed by:-

/s/ John Friend
Name: Dr John Friend
Date: 29 September 2021

Exhibit 4.22

15 November 2021

Karen Krumeich
[***]
[***]

Dear Karen,

Offer of Employment with Kazia Therapeutics

On behalf of Kazia Therapeutics, Inc, I am pleased to offer you the position of **Chief Financial Officer**. We look forward to welcoming you as a colleague.

The terms of the position are as set forth below.

Position

Particulars. Your position, place of work, and commencement date will be as described in Attachment 1 of this letter.

Employer. Your employer will be Kazia Therapeutics, Inc (the "Company"), a Delaware company. Kazia reserves the right to assign your employment to other corporate entities within its group at its sole discretion.

Obligation to Best Efforts. You agree that you will, at all times, loyally and conscientiously perform all the duties and obligations associated with this role to the best of your ability and experience, and to the reasonable satisfaction of the Company.

No Interference. During the term of your employment, you further agree that you will devote all of your business time and attention to the business of the Company, the Company will be entitled to all of the benefits and profits arising from or incident to all such work services and advice, you will not render commercial or professional services of any nature to any person or organization, whether or not for compensation, without the prior written consent of the Company's Board of Directors, and you will not directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company. Nothing in this letter agreement will prevent you from accepting speaking or presentation engagements in exchange for honoraria or from serving on boards of charitable organizations, or from owning no more than one percent (1%) of the outstanding equity securities of a corporation whose stock is listed on a national stock exchange.

Travel and Expenses. You acknowledge that the nature of the position may require frequent travel within and outside of the United States from time to time. The Company will make reasonable efforts to accommodate your circumstances and preferences in directing such travel. You will be entitled to reimbursement of reasonable and customary expenses incurred in carrying out the position, in accordance with the Company's policies, on submission of an expense report and valid receipts.

Compensation

Salary. Your compensation will be as itemised in Attachment 1 of this letter and paid to you once per month pursuant to the Company's regular payroll policy.

Performance and Salary Review. Your performance and compensation package will be reviewed no less than once annually. Any pay adjustments will be made in accordance with your performance and in reference to industry compensation benchmarks for comparable positions. Adjustments to compensation will be at Kazia's sole discretion and are not guaranteed.

Sole Consideration. You acknowledge that the compensation described in Attachment 1 of this letter will be your only remuneration for your employment with the company. Kazia may require you to provide services and / or to hold offices within the Company or on behalf of the Company without additional remuneration. You will be required to work such hours as are reasonably required for the position, without additional payment for overtime or travel.

Equity Participation. Following your commencement, Kazia will recommend to the Board of Directors that you be granted options over the company's stock, to an amount as specified in Attachment 1 of this letter. This grant is at the discretion of the Board of Directors and will be subject to the company's Employee Stock Option Plan. At the discretion of the Board of Directors, you may be eligible for further grants of stock options during the term of your employment.

Benefits

Benefits. Your benefits will be as itemised in Attachment 1 of this letter.

Payment in Lieu of Benefits. For a period of up to eighteen (18) months following your commencement, Kazia reserves the right to request that you maintain health insurance associated with your prior employment under the COBRA scheme, for which Kazia will reimburse your premiums in their entirety. Should you not be eligible for COBRA, we require that you obtain a marketplace or State medical plan. This is to allow for Kazia to establish appropriate corporate health insurance policies and arrangements.

Vacation and Holidays. You will be eligible for paid time off (PTO) as itemised in Attachment 1 of this letter. You will also receive paid time off for US holidays observed by Kazia. Kazia's policies regarding vacation and holidays will be provided to you separately on commencement.

Severance

If, at any time, (a) the Company terminates your employment without Cause (as defined herein), and other than as a result of your death or disability, or (b) you resign for Good Reason (as defined herein), and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)), you shall be entitled to receive the following severance benefits:

(a) if in Connection with a Change in Control: (i) you shall be entitled to severance pay in the form of monthly payments equal to 12 months of your base salary in effect on the effective date of termination, (ii) a lump sum payout of a pro-rata bonus for the bonus year, based on good faith estimates of the achievement of performance goals on the date of termination, and (iii) if you timely elect continued health care coverage under COBRA, the Company shall pay the same proportion of your premium rate as before the date of termination or, if COBRA coverage is not available, then the Company shall reimburse you for such amount (in the same proportion as before the termination) through the earlier of (A) 6 months following the Separation from Service, or (B) the date upon which you and your eligible dependents become covered under similar plans (and you agree to notify the Company of such other coverage);

(b) if other than in Connection with a Change in Control: (i) subject to the requirement to mitigate below, you shall be entitled to severance pay in the form of monthly payments equal to 6 months of your base salary in effect on the effective date of termination, (ii) a lump sum payout of a pro-rata bonus for the year, based on good faith estimates of the achievement of performance goals on the date of termination, and (iii) if you timely elect continued health care coverage under COBRA, the Company shall pay the same proportion of your premium rate as before the date of termination or, if COBRA coverage is not available, then the Company shall reimburse you for such amount (in the same proportion as before the termination) through the earlier of (A) 6 months following the Separation from Service, or (B) the date upon which you and your eligible dependents become covered under similar plans (and you agree to notify the Company of such other coverage).

Such severance benefits are conditional upon (a) your continuing compliance with your obligations under your Confidentiality Agreement and Proprietary Information and Inventions Agreement; (b) your delivery to the Company of an effective general release of claims in favor of the Company and its affiliates in a form acceptable to the Company within 30 days following your termination date. The monthly severance payments and lump sum bonus payment will be subject to standard deductions and withholdings following termination; provided, however, that no payments will be made prior to the 40th day following your termination. On the 40th day following your Separation from Service date, the Company will pay you the salary continuation payments that you would have received on or prior to such date in a lump sum under the original schedule but for the delay while waiting for the effectiveness of the release, with the balance of the cash severance and the bonus payment being paid as originally scheduled.

For purposes of this letter, “Cause” means (A) your conviction (including a guilty plea or a no contest plea) of a felony, or of any other crime involving fraud, dishonesty or moral turpitude; (B) your commission of or participation in a fraud against the Company; (C) your material breach of any written agreement between you and the Company (including but not limited to your Proprietary Information Agreement) or material breach or neglect of any statutory or fiduciary duty you owe to the Company; or (D) your conduct that constitutes gross insubordination or habitual neglect of your duties as determined by the Board; provided in each case that the Company gives you written notice and a reasonable opportunity to cure or to be heard by the Board before its final determination.

For purposes of this letter, “Change in Control” means (A) where, as a result of any takeover bid, scheme of arrangement or any other event or transaction, a person or entity becomes entitled to more than 50% of the Shares or to all or substantially all of the Group’s business and assets (provided that no sale or transfer undertaken in respect of an internal reorganisation of the structure, business or assets of the Group shall constitute a Change of Control Event); or (B) any other event determined by the Board to constitute a “Change of Control Event” for the purposes of these Rules (excluding, for the avoidance of doubt, an internal reorganisation of the structure, business or assets of the Group).

For purposes of this letter, you shall have "Good Reason" for your resignation from your employment with the Company and/or any of its subsidiaries or parent entities or successor entities for up to ninety (90) days following the occurrence of one of the following events without your consent and after having provided thirty (30) days prior written notice and an opportunity to cure to the Company and the failure by the Company to cure the event: (A) material reduction in your duties (including responsibilities and/or authorities), provided, however, that a change in job position (including a change in title) shall not be deemed a "material reduction" in and of itself unless your new duties are substantially reduced from the prior duties; (B) relocation of your principal place of employment to a place that increases your one-way commute by more than fifty (50) miles as compared to your then current principal place of employment immediately prior to such relocation; (C) a reduction of at least 10% of your gross base salary (unless pursuant to a salary reduction program applicable generally to the Company's executive employees); or (D) a change in your reporting line such that you report to a position subordinate to the Chief Executive Officer.

For purposes of this letter, "in Connection with a Change in Control" will mean if your employment is terminated during that period either three (3) months prior to or twelve (12) months following a Change in Control.

It is intended that the severance benefits payable under this letter satisfy, to the greatest extent possible, the exemptions from the application of Internal Revenue Code Section 409A provided under Treasury Regulations 1.409A 1(b)(4), 1.409A 1(b)(5) and 1.409A 1(b)(9), and this letter will be construed to the greatest extent possible as consistent with those provisions. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A 2(b)(2)(iii)), your right to receive instalment payments under this letter shall be treated as a right to receive a series of separate payments and, accordingly, each instalment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this letter, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), to the extent delayed commencement of any portion of the severance benefits to which you are entitled under this letter is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i), such portion of your benefits shall not be provided to you prior to the earlier of (i) the expiration of the six-month period measured from the date of your Separation from Service with the Company or (ii) the date of your death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments due under this letter shall be paid as otherwise provided herein.

Terms of Employment

At-Will Employment. Notwithstanding any other obligation in this letter, your employment with the Company will be on an "at will" basis, meaning that either you or the Company may terminate your employment at any time for any reason or no reason.

Debarment and Suspension. You agree, assert, and affirm that you are in compliance with United States Federal Executive Order 12549 “Debarment and Suspension” and in further compliance with Executive Order 12689, and with Section 2455 of the Federal Acquisition Regulation as provided in 45 CFR 76 “Government-Wide Debarment and Suspension (Non-procurement) and Government-Wide Requirements for Drug-Free Workplace (Grants)”, and in further compliance with Office of Management and Budget Memorandum M-87-32, “Certification of Non-delinquency by Applicants for Federal Assistance,” that I, to the best of my knowledge and belief:

(a) Am not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding the Start Date been convicted of or had a civil judgment rendered against me for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Am not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification;

(d) Have not within a three-year period preceding the Start Date had one or more public transactions (Federal, State, or local) terminated for cause or default; and

(e) Am not currently delinquent on the repayment of any federal debt.

Confidentiality. You agree that, by executing this letter, you enter into a Confidentiality Agreement with the company, which is provided in Attachment 2 of this letter.

Work Product Agreement. You agree that, by executing this letter, you enter into a Proprietary Information and Inventions Agreement with the company, which is provided in Attachment 3 of this letter.

Notification of Material Changes. You agree to promptly notify Kazia of any material changes in your circumstances, including without limitation your residential address, your qualifications, professional memberships or certifications, or any of the representations and warranties contained in this letter.

Adherence to Policies. You acknowledge that you are expected act as a role model for the company and to uphold and champion its policies including, but not limited to, its policies relating to work health and safety, equal employment opportunities, anti-discrimination, harassment and bullying. You must also comply with any policies issued by the company, including policies relating to corporate governance.

Surveillance and Data Privacy. The company undertakes continuous and ongoing surveillance in relation to activities carried out on its premises, or using its property, in order to ensure that its workplaces are safe, and free of risk of harm to all employees and visitors, and also to protect the company’s business interests. In accepting employment with the company, you acknowledge the surveillance set out in this clause, and consent to such use.

Ownership of Physical Property. All document, apparatus, equipment and other physical property in any form furnished to you by the Company or produced by you or others in connection with your employment shall be and remain the sole property of the Company. You shall return to the Company all such documents, materials and property as and when requested by the Company, except only (i) personal copies of records relating to my compensation; (ii) if applicable, personal copies of any materials evidencing shares of the Company's capital stock purchased by you and/or options to purchase shares of the Company's capital stock granted to you; (iii) your copy of this Agreement and (iv) your personal property and personal documents that you bring with you to the Company and any personal correspondence and personal materials that you accumulate and keep at the Company's office during your employment. Even if the Company does not so request, you shall return all such documents, materials and property upon termination of your employment, and, except for your personal documents, you will not take with you any such documents, material or property or any reproduction thereof upon such termination.

Obligations at Termination. Upon termination of your employment for any reason, you must, at the Company's request, cooperate with the company and render all reasonable assistance in the prosecution or defence of legal claims and proceedings. You must execute all documents and give all reasonable assistance required to relinquish offices held on behalf of the Company, and to allow the Company to protect intellectual property and confidential information.

Non-Solicitation. During your employment, and for a period of twelve (12) months after termination, you may not directly or indirectly solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or attempt any of the foregoing, either for yourself or any other person or entity.

Conditions of Employment

Proof of Right to Work. For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated.

Background and Credit Review. You agree to and will promptly complete any necessary documentation to allow a personal background and credit review. All information will be held strictly confidential but will be used to finally qualify you for this position. Satisfactory passage of this check must be completed within seven (7) business days of your date of hire, or our employment relationship with you may be terminated.

Warranties. In accepting this offer of employment, you warrant that:-

(a) You will not be in breach of any agreement with, or obligation owed to, any third party; and

(b) You have disclosed all material information to Kazia which may be relevant to the company's decision to offer you employment; and

(c) Any representations you have made as to your qualifications, skills, experience, industry knowledge, business influence, contacts, and employment history are true and correct and complete.

We are all delighted to be able to extend you this offer and look forward to working with you. To indicate your acceptance of the Company's offer, please sign and date this letter in the space provided below, and separately on Attachment 2 and Attachment 3. Please return the signed documents to the company. This letter, together with its Attachments, set forth the terms of your employment with the Company and supersede any prior representations or agreements, whether written or oral. This letter may not be modified or amended except by a written agreement, signed by the Company and by you.

Yours sincerely,

For and on behalf of Kazia Therapeutics:-

/s/ James Garner
Dr James Garner
Chief Executive Officer

Accepted and agreed by:-

/s/ Karen Krumeich
Karen Krumeich
Date: 16 November 2021

ATTACHMENT 1
PARTICULARS OF EMPLOYMENT

Position	Chief Financial Officer
Position Overview	As Chief Financial Officer, you will be responsible for the company's financial management, the maintenance of its accounts, its statutory reporting, and its compliance with the requirements of SEC, NASDAQ, ASX, and other applicable authorities. In addition, you will play a central role in securing additional financing for the company from capital markets, by establishing active relationships with key bankers, brokers, investors, and other stakeholders. As a member of the Company's Executive Leadership Team, you will work closely with the Chief Executive Officer to shape the Company's strategy, culture, management team, and business model.
Manager	Chief Executive Officer
Place of Work	Home-based in PA
Commencement Date	TBD
Base Salary	US$ 400,000 per annum (paid as $33,333 per calendar month)
Target Bonus	40% of your annual base salary
LTI Options Grant (subject to Board approval)	800,000 (eight hundred thousand) options over Kazia's ASX-listed stock, to vest in four equal annual instalments, beginning on the first anniversary of joining
Health Insurance	Health, Dental, and Vision 100% of premium for employees and a proportion of premium, not less than 50%, for dependents
401(k) Plan	Company sponsored Safe Harbor 401k Plan with Company Match (100% for first 4% and 50% for next 2%). Employees are eligible to participate after one pay cycle. Matching is immediate with no vesting period.
Paid Time Off (PTO)	20 days per calendar year

ATTACHMENT 2
CONFIDENTIALITY AGREEMENT

For the purposes of this Agreement, Confidential Information means information which came to the employee's knowledge in the course of, or as a result of, their employment including, but not limited to:

(a) the business or affairs, financial information, intellectual property, business plans, research and development, and sales and marketing information of the Company;

(b) unpatented molecular structures, manufacturing processes, assay methodologies, preclinical or clinical data;

(c) information which would reasonably be considered to be of a business sensitive nature;

(d) trade secrets and confidential information and know-how of the Company;

(e) information regarding investments, investment opportunities, investment strategies and investment research of the Company; and

(f) confidential information of a third party that has been shared with Company.

Confidential Information will not include information which is or becomes readily available in the public domain otherwise than as a result of the breach of this Agreement.

The employee must not use or disclose this Confidential Information during and after their employment, and must take all reasonable steps to prevent the unauthorised disclosure of the Confidential Information, except in the following circumstances:

(a) the Company has given its prior written consent; or

(b) in the proper course of performing their duties and for the benefit of the Company; or

(c) to the extent required by law.

Without limiting the generality of the above, the employee must not disclose Confidential Information to other employees of the Company unless these employees are authorised by the Company to receive this information and need to know this information to perform their duties to the Company.

The employee must immediately notify the Company if the employee suspects or becomes aware that Confidential Information has been improperly used, copied or disclosed.

The employee must not copy or remove from the Company's premises any document which contains Confidential Information except for the purpose of properly performing the duties of the position and for the benefit of the Company.

The employee must provide assistance reasonably requested by the Company in relation to proceedings against any person for unauthorised use, copying or disclosure of Confidential Information.

Accepted and agreed by:-

/s/ Karen Krumeich
Name: Karen Kremeich
Date: 16 November 2021

In exchange for my becoming employed (or my employment being continued), or retained as a consultant (or my consulting relationship being continued), by Kazia Therapeutics, or any of its current or future subsidiaries, affiliates, successors or assigns (collectively, the "Company"), and for any cash and equity compensation for my services, I hereby agree as follows:

Assignment of Inventions.

(a) Without further compensation, I hereby agree promptly to disclose to the Company, all Inventions (as defined below) which I may solely or jointly develop or reduce to practice during the period of my employment or consulting relationship with the Company which (i) pertain to any line of business activity of the Company, (ii) are aided by the use of time, material or facilities of the Company, whether or not during working hours or (iii) relate to any of my work during the period of my employment or consulting relationship with the Company, whether or not during normal working hours ("Company Inventions"). During the term of my employment or consultancy, all Company Inventions that I conceive, reduce to practice, develop or have developed (in whole or in part, either alone or jointly with others) shall be the sole property of the Company and its assigns to the maximum extent permitted by law (and to the fullest extent permitted by law shall be deemed "works made for hire"), and the Company and its assigns shall be the sole owner of all patents, copyrights, trademarks, trade secrets and other rights in connection therewith. I hereby assign to the Company any rights that I may have or acquire in such Company Inventions.

(b) I have provided to the Company, prior to my engagement, a complete list of all Inventions, if any, made by me prior to my employment or consulting relationship with the Company that are relevant to the Company's business, and I represent and warrant that such list is complete. If no such list is provided, I represent that I have no such Inventions at the time of signing this Agreement. If in the course of my employment or consultancy (as the case may be) with the Company, I use or incorporate any Invention in which I have an interest into a product or process of the Company, the Company is hereby granted a nonexclusive, fully paid-up, royalty-free, perpetual, irrevocable worldwide license of my interest to use and sublicense such Invention without restriction of any kind.

NOTICE REQUIRED BY REVISED CODE OF WASHINGTON 49.44.140:

Any assignment of Inventions required by this Agreement does not apply to an Invention for which no equipment, supplies, facility or trade secret information of the Company was used and which was developed entirely on the employee's own time, unless (a) the Invention relates (i) directly to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development or (b) the Invention results from any work performed by the employee for the Company.

Further Assistance and Power of Attorney**.** I agree to perform, during and after my employment or consulting relationship, all acts deemed necessary or desirable by the Company to permit and assist it, at its expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Inventions assigned to the Company as set forth in Section 4 above. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I hereby irrevocably designate the Company and its duly authorized officers and agents as my agent and attorney-in fact, to execute and file on my behalf any such applications and to do all other lawful acts to further the prosecution and issuance of patents, copyright and mask work registrations related to such Inventions. This power of attorney shall not be affected by my subsequent incapacity.

Inventions. As used in this Agreement, the term “Inventions” means discoveries, developments, concepts, designs, ideas, know how, improvements, inventions, trade secrets and/or original works of authorship, whether or not patentable, copyrightable or otherwise legally protectable. This includes, but is not limited to, any new product, machine, article of manufacture, biological material, method, procedure, process, technique, use, equipment, device, apparatus, system, compound, formulation, composition of matter, design or configuration of any kind, or any improvement thereon.

Survival. This Agreement (a) shall survive for a period of five years beyond the termination of my employment by or consulting relationship with the Company, (b) inures to the benefit of successors and assigns of the Company and (c) is binding upon my heirs and legal representatives.

Injunctive Relief. I acknowledge that violation of this Agreement by me may cause irreparable injury to the Company, and I agree that the Company will be entitled to seek extraordinary relief in court, including, but not limited to, temporary restraining orders, preliminary injunctions and permanent injunctions without the necessity of posting a bond or other security and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

Accepted and agreed by:-

/s/ Karen Krumeich
Name: Karen Krumeich
Date: 16 November 2021

Exhibit 12.1

Certification of the Chief Executive Officer as required by
Rule 13a-14(a) of the Securities Exchange Act of 1934

I, James Garner, certify that:

1. I have reviewed this Annual Report on Form 20-F for the fiscal year ended June 30, 2022 ('Report') of Kazia Therapeutics Limited (the 'Company');

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f) for the Company and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions).

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ James Garner
James Garner
Chief Executive Officer

Date: October 17, 2022

Exhibit 12.2

Certification of the Director of Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Karen Krumeich, certify that:

1. I have reviewed this Annual Report on Form 20-F for the fiscal year ended June 30, 2022 ('Report') of Kazia Therapeutics Limited (the 'Company');

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions).

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Karen Krumeich
Karen Krumeich
Chief Financial Officer

Date: October 17, 2022

Exhibit 13.1

Certification of the Chief Executive Officer and the Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), James Garner, Chief Executive Officer, and Karen Krumeich, Chief Financial Officer, of Kazia Therapeutics Limited, an Australian corporation (the 'Company'), hereby certifies that:

(1) The Company's periodic report on Form 20-F for the period ended June 30, 2022 (the 'Form 20-F') fully complies with the requirements of section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 as amended; and

(2) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

Chief Executive Officer

/s/ James Garner
James Garner

Date: October 17, 2022

Chief Financial Officer

/s/ Karen Krumeich
Karen Krumeich

Date: October 17, 2022

This certification accompanies the Form 20-F to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Kazia Therapeutics Limited under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 20-F), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We have issued our report dated October 17, 2022 with respect to the consolidated financial statements included in the Annual Report of Kazia Therapeutics Limited on Form 20-F for the year ended June 30, 2022.

We consent to the incorporation by reference of the said report in the Registration Statement of Kazia Therapeutics Limited on Form F-3 (File No. 333-259224).

/s/ Grant Thornton Audit Pty Ltd
GRANT THORNTON AUDIT PTY LTD

Sydney, Australia
October 17, 2022